

# MAINE STATE LEGISLATURE

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AUGUSTA, MAINE

ANNUAL REPORT  
OF THE  
MAINE PUBLIC UTILITIES COMMISSION

February 1, 1985

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OF THE  
MAINE PUBLIC UTILITIES COMMISSION

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## I. INTRODUCTION.

The Public Utilities Commission is required by State law to report annually to the Legislature on its fiscal activities relating to the Regulatory Fund, the Reimbursement Fund and the Nuclear Decommissioning Financing Act [see 35 M.R.S.A. §§17(2), 18 and 3358]. In addition, the Commission has agreed with the Joint Standing Committee on Utilities to include information in its Annual Report relating to:

1. The Commission's activities under legislation governing telecommunications equipment for the deaf, hearing-impaired and speech-impaired [see 35 M.R.S.A. §2361];

2. The number and nature of utility filings under legislation clarifying the time during which a utility is restricted from filing a rate case [see 35 M.R.S.A. §64, 2nd paragraph, last sentence];

3. The waiver, receipt, expenditure and return of filing fees collected under 35 M.R.S.A. §13-B;

4. The Commission's treatment of electric utility requests for rates to recover expenses associated with conservation loan programs; and

5. The effectiveness of 35 M.R.S.A. §314 (last paragraph) in deterring utility violations of Chapter 81 of the Commission Rules.

In addition to the above, we have included information relating to expenditures of General Fund monies, case load and organization.

It is intended that this report will provide a complete and concise picture of Commission activities. We welcome suggestions from the Legislature or other interested parties that would improve this report in the future.

## II. PURPOSE AND ORGANIZATION.

Purpose. The Public Utilities Commission's purpose is to protect the public by ensuring that utilities operating in the State of Maine provide adequate and reliable service to the public at rates that are reasonable and just. The Commission is a quasi-judicial body which rules on cases involving rates, service, financing and other activities of the utilities it regulates. The Commission has jurisdiction over 148 water utilities, 15 electric utilities, 1 gas utility, 19 telephone utilities, 4 water carriers and limited aspects of 6 radio common carriers. These utilities had total revenues in 1984 of more than \$820 million.

Organization. The Public Utilities Commission was created by the Public Laws of 1913 and organized December 1, 1914. The present Commission consists of three members appointed by the Governor, subject to review by the Legislative Committee having jurisdiction over utilities and to confirmation by the Legislature for terms of six years. One member is designated by the Governor as Chairman, and all three devote full time to their duties. [see organizational chart at the end of this section]

The Commission sets regulatory policy through its rulemaking and adjudicatory decisions. Aside from the Commission itself, the agency is divided into five operating divisions as follows:

Administrative Division. The Administrative Division is responsible for fiscal, personnel, contract and docket management, as well as physical plant. The Division provides support services to the other divisions and assists the Commission in coordinating its activities. The Division has primary responsibility for public information and assists the General Counsel of the Legal Division in providing information to the Legislature.

Included within the Administrative Division is the Word Processing Section, the Hearing Reporters and, for administrative purposes, the Consumer Assistance Division.

Consumer Assistance Division. The Consumer Assistance Division (CAD) receives, analyzes and responds to complaints from Maine utility customers. The CAD assists individual customers in resolving their disputes with the utility and analyzes those complaints to determine what utility practices, if any, need to be corrected. When a utility practice is identified that requires corrective action, it is brought to the attention of the utility for appropriate resolution. The Consumer Assistance Division operates as a separate division but is administratively attached to the Administrative Division.

Legal Division. The Legal Division represents the Commission before federal and State appellate and trial courts and agencies. It provides examiners and advocates in cases before the Commission and assists in preparing and presenting Commission views on Legislative proposals. Examiners preside over Commission proceedings, rule on questions of procedure and evidence, and prepare written recommended decisions for the Commission. Advocates organize and present the staff's case before the Commission, cross-examine the cases of other parties, file briefs on the issues, and engage in negotiations with the parties for the settlement of all or some of the issues in a case. Complete legal services are provided by the Division on all legal aspects of matters within the Commission's jurisdiction from major rate cases to individual consumer complaints.

Finance Division. The Finance Division is responsible for conducting financial investigations and analysis of telephone, electric, gas and water utilities, and for conducting other research about Maine utilities. The Division analyzes all applications of utilities to issue stocks, bonds or notes. The Division prepares testimony and other material concerning fuel clauses, cost of capital, rate base, revenues, expenses, depreciation and rate design for rate cases. The Division assists in the preparation of questions for cross-examination on accounting and finance matters, presents direct testimony, evaluates rate case exhibits and advises the Commission on financial and economic issues.

Technical Analysis Division. The Technical Analysis Division analyzes the technical aspects of filings made by utilities. Specifically, the Division analyzes and evaluates rate design exhibits, assists in the preparation of engineering related cross-examination and provides expert witnesses in rate proceedings. The Division prepares and reviews cost allocations and rate studies, reviews plans and specifications on all major utility construction projects, conducts on-site inspection of system improvements, advises the Commission and CAD regarding line extensions, inspects gas pipelines to ensure safe operations and conducts on site investigations of gas explosions and electrical accidents involving loss of human life. Finally, the Division reviews standards of service, utility reports, fuel clauses and fuel generation rates, using computer modeling techniques where appropriate.

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

COMMISSION

Chairman - Bradford, Peter A.  
Admin. Secr., Martin, Martha  
Commissioner - Harrington, Cheryl  
Commissioner - Moskovitz, David  
Clerk Steno III, Arata, Kelly

ADMINISTRATION

Admin. Director - Jacobs, Charles A.  
Clerk Typist III - Fullerton, Judith  
Asst. Admin. Dir. - Marcotte, Marjorie  
Admin. Asst. - Robichaud, Raymond  
Accountant II - Pushard, Dolores

Clerk III - Broad, Mary  
Clerk Typist II - Godfrey, Debra  
Clerk Typist II - Boggs, Priscilla

Word Proc. Supervisor - LeClair, Nancy

Word Processor - Boutin, Carol  
Word Processor - Magee, Ada  
Word Processor - Hanson, Belinda  
Word Processor - Adkins, Penny

HEARING REPORTERS SECTION

Hearings Reporter - Thibodeau, Carmen  
Hearings Reporter - Kaler, Maralee  
Hearings Reporter - Morrisette, Norma

LEGAL DIVISION

General Counsel - Donahue, Joseph  
Senior Legal Secretary - Nason, Sarah  
Deputy General Counsel -  
Senior Attorney Examiner -  
Attorney-Examiner - Ballou, Peter  
Attorney-Examiner - Brockway, Nancy  
Attorney-Examiner - Buckley, James  
Attorney-Examiner - Nagusky, Beth  
Examiner-Attorney - Greene, Martha  
Examiner-Attorney - Gavin, Dale  
Attorney-Examiner -

Paralegal Assistant -  
Clerk Typist II - Wesley, Prudence

CONSUMER ASSISTANCE DIVISION

Consumer Asst. Super. - Ronan, Timothy  
Consumer Asst. Spec. - Niles, Mary  
Consumer Asst. Spec. - Christie, Cherrill  
Consumer Asst. Spec. - Leibowitz, Rayna  
Consumer Asst. Spec. - Bero, Elizabeth

FINANCE DIVISION

Director - Paine, Elizabeth  
Clerk Steno III - Potter, Betty  
Utility Financial Analyst -  
Utility Financial Analyst - Lowery, James

Chief Utility Accountant -  
Utility Accountant III -  
Utility Accountant III - MacDonald, Merle  
Utility Accountant III -  
Utility Accountant II - Carver, David  
Utility Accountant II -

TECHNICAL ANALYSIS DIVISION

Director of Technical Analysis - Darling, Richard E.  
Clerk Steno III - Dalbeck, Jennifer

ENGINEERING

Senior Utility Engineer - Hammond, Raymond  
Utility Engineer - DiProfio, David

PLANNING

Senior Utility Planner - Johnson, Dan  
Utility Planner - Beedy, Adelbert  
Utility Planner - Leonard, Norman  
Utility Planner - Maxwell, Al

RATE

Senior Rate Analyst - Twombly, Guy  
Rate Analyst -  
Rate Analyst -

Programmer Analyst - Huntington, Faith  
Planning & Research Assoc. (Project Position)- Dr. Richard Parker



### III. FISCAL INFORMATION.

The Public Utilities Commission is required by 35 M.R.S.A. §17 to report annually to the Joint Standing Committee on Utilities "on its planned expenditures for the year and on its use of funds in the previous year." The Commission is also required to report to the Committee regarding the Reimbursement Fund, the Purchase Power Fund and the Nuclear Decommissioning Financing Act. This section of the Commission's Annual Report fulfills these statutory requirements and provides additional information regarding the Commission's budget.

The Commission has two major sources of funding, a General Fund appropriation of approximately \$700,000 and a Regulatory Fund of \$1,594,000. The Regulatory Fund is raised through an assessment on utilities pursuant to 35 M.R.S.A. §17. A brief description of the assessment process is included at the end of this chapter. Also included, is a report on the status of the Commission's efforts to resolve its space problems.

All references in this chapter are to fiscal years -- July 1 to June 30. Throughout this report Consulting Services are broken out from All Other because it represents a large portion of the Commission's budget.

#### 1. Fiscal Year 1984.

In FY 84, the Commission expended slightly more than \$2 million regulating 193 utilities with gross revenues exceeding \$820 million. Exhibit A details FY 84 expenditures by line category. Exhibit B summarizes General Fund activity and activity in other funds administered by the Commission.

The Commission was authorized 57 positions in FY 84. The Legislature authorized 4 additional positions in the spring of 1984 effective in FY 85.

General Fund. The General Fund allocation for FY 84 was \$684,992. \$594,382 was expended, principally for Personal Services. \$90,610 was lapsed to the General Fund. This lapsed amount represents, in large part, salary savings from vacancies that went unfilled during all or part of FY 84.

Regulatory Fund. The Regulatory Fund assessment for FY 84 was \$1,460,000. This assessment was increased by the Legislature in the spring of 1984 to \$1,594,000 for use in FY 85. In addition to the assessment, a balance of

\$52,048<sup>1/</sup> and encumbrances of \$185,060 were brought forward from FY 83. Finally, \$38,335 was reallocated by the Legislature from funds assessed in 1982, and \$4,162 was refunded from prior year expenses. \$1,472,165 was expended. Details of these expenditures are presented in Exhibit A. An encumbered balance of \$184,539 and an unencumbered balance of \$82,901 were brought forward to FY 85. The encumbered balances generally represent ongoing contracts for consulting services.

Decommissioning Fund. 35 M.R.S.A. §3358 [Nuclear Decommissioning Finance Act] states, "Notwithstanding any other provision of law, money received from the filing fee should be segregated, apportioned and expended by the Public Utilities Commission for the purposes stated in this section, with a report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs." \$35,000 was originally received by the Commission pursuant to §3358 in FY 83, and \$14,118 of that amount was expended during that year. Exhibit B indicates an encumbered balance of \$20,882 was brought forward to FY 84. During FY 84, \$20,582 was expended, leaving an encumbered balance forward of \$300. All expenditures were for Consulting Services.

Purchase Power Fund. The Commission received, prior to FY 84, a total of \$62,528 for the Purchase Power Fund under the authority granted by 35 M.R.S.A. §13-B. Central Maine Power Company paid \$59,188 in connection with the 1983 New Brunswick power purchase and \$2,747 in connection with the 1982 Hydro-Quebec Interconnect request. Bangor Hydro-Electric Company also paid \$593 in connection with the Hydro-Quebec Interconnect proceeding. Exhibit B indicates that \$60,528 was brought forward to FY 84 as an unencumbered balance. \$2,000 was brought forward as an encumbered balance. Of these amounts, \$4,831 was expended for legal advertisements, consulting expenses and Sta-Cap. The balance of \$67,697 was refunded to the utilities.

Reimbursement Fund. 35 M.R.S.A. §18 states, "The Commission shall report annually, before February 1st, to the joint standing committee of the Legislature having jurisdiction over public utilities, on a case by case basis, on the waiver, exemption, receipt and expenditure of any filing fees, expense reimbursements or fines collected under this Title."

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1/

Pursuant to 35 M.R.S.A. §17, balances up to 7% of the Regulatory Fund may be brought forward to the next fiscal year. If these funds are to be moved from one line category to another, the approval of the Governor is required. Any amount over 7% must be reallocated by the Legislature or used to reduce the utility assessment in the following fiscal year.

Exhibit B indicates the Reimbursement Fund has been divided into two accounts -- Filing Fees and Expense Reimbursements. There were no filing fees received under this section during FY 84. However, during FY 85, \$375,000 has been received in connection with the following cancelled plants -- Seabrook II, Pilgrim II and Sears Island. Expenditures from this account will be reported in the FY 85 Annual Report. Expense reimbursements during FY 84 totalled \$3,387. Receipts include reimbursements for photocopies and for printing and mailing copies of the monthly agenda, docket lists and orders. No expenditures were made from this account in FY 84. Expenditures made during FY 85 will be reported next year.

There were no waivers or exemptions of any filing fees under this Title in FY 84. Nor were any fines collected.

## 2. Fiscal Year 1985.

Exhibit C details the Commission's FY 85 General Fund and Regulatory Fund budgets. The FY 85 budget figures are included in the left hand column. Encumbered and unencumbered balances brought forward from FY 84 are included in Column 2. The right hand column represents the total funds available to the Commission in FY 85 by account and line category. The bottom figure in the right hand column represents the total of all funds available to the Commission in FY 85. This last figure does not include \$375,000 the Commission has received in filing fees in FY 85 relating to cancelled plants.

## 3. Fiscal Year 1986/1987 Budget.

The Commission is seeking to increase the annual Regulatory Fund assessment by \$300,000 to a total of \$1,894,000 beginning in FY 86 and by an additional \$45,000 to a total of \$1,939,000 beginning in FY 87. Together with the General Fund appropriation, these funds will provide the Commission with sufficient resources to carry out its duties. The additional funds will be used to fund increases in the cost of doing business, including personal services, general operating expenses, training and consulting services.

Exhibit D details the original FY 86/87 Regulatory Fund budget submission in the left hand column. Column 2 breaks out the requested increases in the budget by line category. The right hand column represents the total amount requested for FY 86 and 87 in the Regulatory Fund by line category.

In its September 1, 1984 budget submission [see left hand column of Exhibit D], the Commission estimated the funds it would need for FY 86 and 87 in Personal Services, Capital and All Other excluding Consulting Services. The funds remaining were included in the Consulting Services column. Upon careful analysis of the Commission's consulting requirements, it became apparent the amount of money remaining for consulting services was inadequate. In addition, the Commission determined it was necessary to make some additional, relatively minor adjustments in other line categories. Thus, although it might appear from Exhibit D that most of the request results from increases in the cost of consulting services; in fact, the request results from across-the-board increases in the cost of doing business.

#### 4. The Budget in Perspective.

Exhibit E details the Commission's General Fund and Regulatory Fund budgets for a four-year period. The left hand column includes amounts actually expended in FY 84. Column 2 includes the budgeted figures for FY 85, including encumbered and unencumbered balances brought forward from FY 84. It does not include \$375,000 in Filing Fees received in FY 85. Column 3 includes the FY 86 budget submission plus the requested increases in the Regulatory Fund. Column 4 includes the same figures for FY 87.

#### 5. The Regulatory Fund Assessment In Perspective.

Exhibit F details the Regulatory Fund assessments since FY 80. Annual Reports filed by the utilities with the Commission include revenues for the previous year ending December 31st. Calculations are made to determine what percentage of the total reported revenues will provide the amount authorized by statute -- currently \$1,594,000. The factor derived that will raise the authorized amount is applied against the reported revenues of each utility. Pursuant to 35 M.R.S.A. §17(2), on May 1st of each year an assessment is mailed to each utility regulated by the Commission. The assessments are due on July 1st. Funds derived from this assessment are for use during the fiscal year beginning on the same date.

#### 6. Physical Plant.

The building currently housing the Commission, at 242 State Street in Augusta, is inadequate to meet the needs of the agency, seriously impeding the Commission's ability to function effectively and efficiently. An architectural

consultant has concluded the Commission does not have sufficient space; its existing space is poorly designed, heated and ventilated; the building does not comply with a number of provisions of State and local building codes; and the offices are not even in minimal compliance with the provisions of the handicapped access codes.

The Commission is taking the following steps to resolve this problem:

1. Every possible effort is being made to make the best use of existing space, including a careful assessment of space requirements, a general cleanup and a limited reorganization. In addition, the Commission has initiated a microfilming program that will eventually eliminate large numbers of file cabinets.

2. The Commission is attempting, with the assistance of the Bureau of Public Improvements, to obtain additional space in the building at 242 State Street.

3. The Commission has submitted legislation that would authorize a special assessment on utilities for a period of 2 years in order to raise the funds needed for improvements in the facility. The utilities would be allowed to recover the special assessment in their rates, and any unexpended amounts would be returned to the utilities or credited to their next regular assessment.

EXHIBIT A

FY 84 EXPENDITURES

<u>Account Name</u>	<u>Amount</u>
<u>General Fund</u>	
Positions	(22)
Personal Services	557,143
Consulting Services	0
All Other	37,199
Capital	<u>0</u>
General Fund Total	594,342
<u>Regulatory Fund</u>	
Positions	(35)
Personal Services	759,272
Consulting Services	389,557
All Other	311,528
Capital	<u>11,808</u>
Regulatory Fund Total	1,472,165
<u>Decommissioning Fund</u>	20,582
<u>Purchase Power Fund</u>	4,831
<u>Reimbursement Fund</u>	0
 All Expenditures Total	 <u>2,091,920</u>

EXHIBIT B  
(Page 1 of 2)

PUC FUND ACTIVITY BY ACCOUNT FOR FY 1984

<u>Account Name</u>	<u>Amount</u>
<u>General Fund</u>	
Balance Brought Forward From Previous Year	0
Encumbrances Brought Forward From Previous Year	0
General Fund Allocation	684,992
Less Expended	594,382
Encumbrances Brought Forward To FY 1985	0
6/30/84 Balance Lapsed To General Fund	90,610
<u>Regulatory Fund</u>	
Balance Brought Forward From Previous Year	52,048
Encumbrances Brought Forward From Previous Year	185,060
Funds Received	1,460,000
Reallocated Balance	38,335
Refund From Prior Year Expenses	4,162
Less Expended	1,472,165
Encumbered Balance Brought Forward To FY 1985	184,539
Unencumbered Balance Brought Forward To FY 1985	82,901
<u>Decommissioning Fund</u>	
Balance Brought Forward From Previous Year	0
Encumbrances Brought Forward From Previous Year	20,882
Funds Received	0
Less Expended	20,582
Encumbered Balance Brought Forward To FY 1985	300
Unencumbered Balance Brought Forward To FY 1985	0
<u>Purchase Power Fund</u>	
Balance Brought Forward From Previous Year	60,528
Encumbrances Brought Forward From Previous Year	2,000
Funds Received	0
Returned To Utilities	57,697
Less Expended	4,831
Encumbered Balance Brought Forward To FY 1985	0
Unencumbered Balance Brought Forward To FY 1985	0

Reimbursement Fund

Filing Fees

Balance Brought Forward From Prior Year	0
Encumbrances Brought Forward From Prior Year	0
Funds Received*	0
Less Expended	0
Encumbered Balance Brought Forward To FY 1985	0
Unencumbered Balance Brought Forward To FY 1985	0

Expense Reimbursements

Balance Brought Forward	0
Encumbrances Brought Forward	0
Funds Received	3,387
Less Expended	0
Encumbered Balance Brought Forward To FY 1985	0
Unencumbered Balance Brought Forward To FY 1985	3,387

\*—

\$375,000 was received during first quarter FY 1985. Expenditure detail will be included with the FY 85 Annual Report.



EXHIBIT C

FY 85 BUDGET & ADJUSTMENTS

General Fund

	Budget	Brought Fwd.	Adjusted Budget
Positions	(22)		(22)
Personal Services	\$652,768	0	\$652,768
Consulting	0	0	0
All Other	35,209	0	35,209
Capital	<u>13,000</u>	<u>0</u>	<u>13,000</u>
TOTAL	\$700,977	0	\$700,977

Regulatory Fund

	(39)		(39)
Personal Services	\$1,092,468	0	\$1,092,468
Consulting	131,185	\$267,440*	398,625**
All Other	328,727	0	328,727
Capital	<u>41,620</u>	<u>0</u>	<u>41,620</u>
TOTAL	\$1,594,000	\$267,440	\$1,861,440
Decommissioning Fund		300	300
Purchase Power Fund		0	0
Reimbursement Fund		<u>3,387</u>	<u>3,387</u>
TOTAL ALL RESOURCES	<u>\$2,294,977</u>	<u>\$271,127</u>	<u>\$2,566,104</u>

\* Includes encumbered balance of \$184,539 and an unencumbered balance of \$82,901 brought forward from FY 84.

\*\* Does not include \$375,000 in filing fees received during FY 85.

EXHIBIT D

FY 86 & 87 REGULATORY FUND BUDGET & PROPOSED INCREASES

FY 86

	Budget	Request	Adjusted
Positions	(39)	(2)*	(41)
Personal Services	\$1,124,485	\$ 9,340	\$1,133,825
Consulting Services	108,323	261,882	370,205
All Other	339,192	28,778	367,970
Capital	<u>22,000</u>	<u>0</u>	<u>22,000</u>
TOTAL	\$1,594,000	\$300,000	\$1,894,000

FY 87

Positions	(39)	(2)	(41)
Personal Services	\$1,173,716	\$ 9,340	\$1,183,056
Consulting Services	77,883	294,886	372,769
All Other	333,401	40,774	374,175
Capital	<u>9,000</u>	<u>0</u>	<u>9,000</u>
TOTAL	\$1,594,000	\$345,000	\$1,939,000

\*

The requested positions are for 2 seasonal legal researchers previously established on a year-to-year basis.

EXHIBIT E

PUC BUDGET IN PERSPECTIVE

	<u>FY 84 Expended</u>	<u>FY 85 Budgeted</u>	<u>FY 86 Budgeted</u>	<u>FY 87 Budgeted</u>
<u>General Fund</u>				
Positions	(22)	(22)	(22)	(22)
Personal Services	\$557,143	\$652,768	\$705,216	\$727,001
Consultants	0	0	0	0
All Other	37,199	35,209	53,657	57,143
Capital	<u>0</u>	<u>13,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$594,342	\$700,977	\$758,873	\$784,144
<u>Regulatory Fund</u>				
Positions	(35)	(39)	(41)	(41)
Personal Services	\$759,272	\$1,092,468	\$1,133,825**	\$1,183,056***
Consultants	389,557	398,625*	370,205**	372,769***
All Other	311,528	328,727	367,970**	374,175***
Capital	<u>11,808</u>	<u>41,620</u>	<u>22,000</u>	<u>9,000</u>
TOTAL	\$1,472,165	\$1,861,440	\$1,894,000**	\$1,939,000***
Decommissioning Funds	20,582	300		
Purchase Power Fund	4,831	0		
Reimbursement Fund	0	3,387		
ALL RESOURCES**	<u>\$2,091,920</u>	<u>\$2,566,104</u>	<u>\$2,652,873</u>	<u>\$2,723,144</u>

\* Includes encumbered balance of \$184,539 and unencumbered balance of \$82,901 brought forward from FY 84.

\*\* Includes legislative request for \$300,000. \$9,340 to fund 2 seasonal legal research positions, \$261,882 for consulting services and \$28,778 for operating expenses.

\*\*\* Includes legislative request for \$345,000. \$9,340 to fund 2 seasonal legal research positions. \$294,886 for consulting services and \$40,774 for operating expenses.

EXHIBIT F

Assessment Detail

For Use in FY	Mailing Date/ Due Date	\$ Annual Revenues Electric	\$ Telecom.	\$ Water	\$ Gas	\$ CBITD	\$ Total Revenues (Utilities)	\$ Assessment Factor	\$ Net Amount Assessed by (PUC)	\$ Gross Assessment
FY 1980	11/01/79-01/01/80	186,278,293	139,683,694	24,086,603	6,749,736		356,798,326	.00021	74,816 (Nearest \$10)	75,000
FY 1981	05/01/80-07/01/80	206,762,413	153,652,974	25,465,331	7,374,962		393,255,630	.000381	149,830 (Nearest \$10)	150,000
FY 1982	05/01/81-07/01/81	216,243,682	165,108,544	28,421,070	8,932,172		418,705,468	.00035824	149,796 (Nearest \$10)	150,000
FY 1982	06/81-08/01/81	216,243,682	165,103,544	28,421,070	8,932,172		418,705,468	.0007165	299,983 (Nearest \$5)	300,000
FY 1983	05/82-07/01/82	462,967,673	182,850,133	32,220,884	14,428,444	803,933	692,471,067	.00187733	1,299,996 (Nearest \$1)	1,300,000
FY 1984	05/83-07/01/83	508,838,895	194,922,674	36,803,237	19,309,123	959,425	760,329,404	.00170366	1,299,999 (Nearest \$1)	1,300,000
FY 1984	06/83-08/01/83	508,838,895	194,922,674	36,939,287	19,308,123	959,425	760,829,404	.0002103	159,984 (Nearest \$1)	160,000
FY 1985	05/84-07/01/84	546,977,166	210,502,523	40,372,798	21,206,118	984,106	820,042,711	.001943801	1,593,904 (Nearest \$1)	1,594,000

#### IV. ACTIVITIES IN 1984.

##### 1. Caseload.

At the end of calendar year\* 1983, 189 cases were pending on the Public Utilities Commission Docket. (See Exhibit G) During 1984, 247 new cases were docketed. (See Exhibit H) The number of new cases docketed is somewhat lower than 1983, due principally to a change in docketing procedures. Had the old procedures been followed, the figures for 1984 would be slightly higher than 1983. 112 of the 189 pre-1984 cases and 175 of the 247 new cases were closed during 1984. At the end of 1984, 149 cases remained on the Commission's Docket. Thus, in 1984, the Commission closed 287 cases, and its efforts to reduce the case backlog were successful.

Exhibit G breaks down Commission activity in 1984 by type of utility and type of Commission initiated action, i.e., investigations and rulemakings.

Exhibit H further details the types of cases that were docketed during 1984.

The following explanations will assist the reader in interpreting these exhibits:

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\*

All references in this chapter are to calendar year(s) unless otherwise noted.

<u>TERM</u>	<u>EXPLANATION</u>
Rates-General	Pursuant to Sections 64 and 69, <sup>1/</sup> the Commission reviews proposed changes in rates. General rate filings involve general increases in rates that significantly affect the utility's revenues. The Commission may suspend these filings for up to nine months. At the end of nine months, in the absence of action by the Commission, these rates become effective by operation of law.
Rates-Limited	Limited rate filings involve minor adjustments to individual tariffs and do not significantly impact on overall utility revenues.
Rates-Temporary	Section 311 empowers the Commission to temporarily alter existing utility rates. This authority allows the Commission to respond quickly to emergency situations.
Rates-Water District	Under Section 72, rate filings by municipal and quasi-municipal water utilities are effective by operation of law unless a valid petition is received.
Security Issuances	Pursuant to Section 171, the Commission must approve the issuance of securities by utilities.
Agreements/Contracts	Pursuant to Section 64 and Section 103, the Commission must approve contracts between utilities and customers. The 1984 figures in this category include principally interruptible service contracts with commercial customers. These contracts permit the utility to terminate service temporarily at times of high demand and/or limited supply.

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<sup>1/</sup>

Unless otherwise noted, all references in these explanations are to sections of 35 M.R.S.A.

Reorganization/Affiliated Interests	Under Sections 104(3) and 104(3-A), the Commission must approve financial transactions between a utility and an affiliated interest as well as utility reorganizations.
Cogeneration Petitions	Under Section 2326, the Commission is required to resolve certain disputes between cogenerators and utilities.
Commission Rulemakings	Section 3' authorizes the Commission to promulgate all necessary rules.
Commission Investigations	Section 296 authorizes the Commission to investigate a utility whenever it believes any rate is unreasonable or that any service is inadequate or for any other appropriate reason.
Commission Delegations	The Commission delegates to its staff certain duties in order to more efficiently accomplish the purposes of the Commission.
Advisory Rulings	Chapter 11, Section 5 of the Commission Rules provide that any interested person may petition the Commission for an advisory ruling with respect to the applicability of any statute or rule administered by the Commission.
Ten-Person Complaints	Section 291 provides for Commission investigation of written complaints signed by ten or more persons made against any public utility.
Purchase/Sale Petitions	Under Sections 211 and 212, the Commission reviews the purchase and sale of an entire utility system.
Abandonments of Service	Section 212 requires Commission approval in order for a public utility to abandon property or discontinue service.

CAD Decision Appeals

Pursuant to Chapter 81 of the Commission Rules, parties may seek to appeal decisions of the Consumer Assistance Division to the Commission. The Commission's review is discretionary. It may initiate an investigation pursuant to Section 296.

Public Convenience and Necessity

Pursuant to Section 2301(2), a utility [electric, gas or telephone] must seek Commission approval in order to provide service to a city or town in which another utility is already providing, or is authorized to provide service.

Exemptions/Waivers

Pursuant to Chapters 11 & 12 of the Commission Rules, the Commission may grant exemptions or waivers from certain of the Commission's rules.

Cost of Fuel Adjustments

Section 131 requires an electric utility to seek Commission approval at least annually in order to adjust its charges to customers to reflect increases or decreases in the cost of fuel used in the generation and supply of electricity. A fuel adjustment filing triggers a Section 296 investigation. Concurrent with the filing of cost of fuel adjustments, the electric utility must file short-term avoided costs.

Cost of Gas Adjustments

Pursuant to Section 132, a gas utility must seek Commission approval in order to adjust its gas charges to its customers to reflect increases or decreases in the cost of gas.

Annual Report Extensions

Pursuant to Section 58, the Commission may extend the date for the filing of annual reports by the utilities. Because this authority has now been delegated to the Administrative Director, those cases will not be docketed in the future.

Conservation

Pursuant to Section 94, utilities may file to recover reasonable costs associated with the implementation of conservation programs.



## 2. Rate Case Decisions.

In 1984, the Public Utilities Commission decided 15 general rate cases, in which electric, telephone, water and gas utilities requested increases totaling \$61 million.\* The Commission granted \$29 million in rate increases and rejected \$32 million. Exhibit I presents overall 1984 rate case decision data by utility type. Exhibits J, K, L, M and N present specific data on individual rate cases, grouped by utility type.

Although precisely comparable data has not been compiled, there has been a general upward trend in total rate increases requested and granted for all regulated public utilities in recent years. Exhibit O presents this data since 1980.

The exhibits pertaining to electrical rate increases do not reflect changes in fuel charges passed on to consumers. Nonetheless, a significant portion of total electrical billings represent the cost of fuel. For the major electric utilities fuel adjustment changes are processed in accordance with Chapter 34 of the Commission Rules. As Exhibit P indicates, in 1984 fuel revenues accounted for approximately \$313 million of the approximately \$647 million in gross operating revenues for Central Maine Power Company, Bangor Hydro-Electric Company and Maine Public Service Company combined. This exhibit also charts the historic proportionate ratio of fuel revenue to gross revenues for Maine's three largest electric utilities since 1981.

Also, referring to Exhibit P, in 1984 Northern Utilities cost of gas accounted for approximately \$14 million of its \$20.6 million in gross operating revenues.

\*—

These figures are for rate proceedings concluded in 1984. Some of these rate cases were actually filed prior to 1984. The figures do not include proceedings filed in 1984 which were not concluded by the end of the year. Also not reflected in rate case decisions are the 11 municipal and quasi-municipal water utility rate filings pursuant to Section 72. A total of \$1,705,992 was requested and received by operation of law under this section. No valid customer petitions were received [see Exhibit O].

The figure presented in these exhibits tell only part of the story of the Commission's work. For example, a rate filing by a major utility might involve weeks of hearings and deliberations while a rate filing by a minor utility might involve only a small portion of Commission resources. In addition, Commission work continues to increase in complexity, particularly in the area of telecommunications and power generation.

Finally, the number of rate cases filed and the amounts requested have generally increased in recent years, and a greater number of parties have participated in these proceedings. These trends are expected to continue, particularly since utilities are now allowed to file for rate increases annually.

A large portion of the Commission's work is generally devoted to a small number of cases, usually involving the larger utilities. Exhibit Q demonstrates this fact. Of 145 days of hearings held by the Commission in 1984, 91 or 62% of them were devoted to 6 cases. 84 days of hearings were devoted to Seabrook and related cases and the New England Telephone rate and local measured service cases. [see Chapter 5] Because individual hearings may vary from one hour in duration to twelve hours or more, even these figures give an incomplete picture of Commission activity. Nevertheless, while it is difficult to document precisely, it remains clear most of the Commission's resources are devoted to regulating Maine's major utilities.

## EXHIBIT G

## 1984 CASES DECIDED

	<u>Electric</u>	<u>Telecommunication</u>	<u>Gas</u>	<u>Water</u>	<u>Water Carrier</u>	<u>Rulemakings</u>	<u>Investigations</u>	<u>Delegations</u>	<u>Misc.</u>	<u>Total</u>
Cases Pending 12/31/83	68	60	12	40	3	4	0	0	2	189
Cases Docketed in 1984	52	70	36	59	1	13	9	6	1	247
Cases Pending 12/31/84	56	42	17	20	0	9	4	0	1	149
Cases Decided in 1984	64	88	31	79	4	8	5	6	2	287

## EXHIBIT H

## 1984 Cases Docketed

Type	Filings						Comm. Initiated
	<u>Electric</u>	<u>Gas</u>	<u>Telecom.</u>	<u>Water</u>	<u>Water Carrier</u>	<u>Others</u>	
Rates - Limited	7		43	4			
Rates - General	4	1	3	9			
Rates - Temporary	2						
Rates - Water District				9			
Securities Issues	15		4	24			
Agreements/Contracts	2	27					
Reorganizations/Affiliated Interests	1		8	3			
Cogeneration Petitions	10						
Commission Rulemakings							13
Commission Investigations							9
Commission Delegations							6
Advisory Rulings	1	1	3				
Ten-Person Complaints	1		4	1			
Purchase/Sale Petitions				4			
Abandonments of Service	2		2				
CAD Decision Appeals			1	2			
Public Convenience & Necessity	2		1		1		
Exemptions/Waivers - Rules	1	2		2			
Cost of Fuel Adjustments	3						
Cost of Gas Adjustments		2					
*Annual Report Extensions						1	
Conservation	1	1					
Others	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	52	36	70	59	1	1	28 = <u>247</u>

\* There were 20 filings sub-docketed under 1 Docket No. 84-41.

Note: 58 filings were received and sub-docketed under a 1983 Docket No. 83-339  
 88 filings were received and sub-docketed under a 1983 Docket No. 83-287  
 Sub-docketed filings for 1984 totalled 165

EXHIBIT I

PUC Rate Cases Decided in 1984

<u>Category</u>	<u>Cases</u>	<u>Requested</u>	<u>Granted</u>	<u>Difference</u>
Electric	5	\$ 7,417,149	\$ 658,408	\$ 6,758,741
Telephone	2	49,696,428	25,621,775	24,074,653
*Water (Investor Owned)	7	2,136,938	1,950,267	186,671
Gas	<u>1</u>	<u>1,800,000</u>	<u>850,000</u>	<u>950,000</u>
Totals	<u>15</u>	<u>\$61,050,515</u>	<u>\$29,080,450</u>	<u>\$31,970,065</u>

\*

There were 11 Municipal and Quasi-municipal Section 72 rate filings not included here. They were effective by operation of law in the absence of a valid customer petition. (see Exhibit O)

EXHIBIT J

## ELECTRIC RATE CASES DECIDED IN 1984

	<u>Amount Requested</u>	<u>Amount Allowed</u>	<u>Return on Rate Base</u>	<u>Return on Equity</u>
Van Buren Lt. & Pwr. District Docket No. 83-224 Decree Date - 2/29/84 Step 1	\$ 65,347	\$35,917	N/A	N/A
- 5/29/84 Step 2		14,832	N/A	N/A
Kennebunk Lt. & Pwr. District Docket No. 82-251 Decree Date - 4/27/84 Step 2		29,152	N/A	N/A
Isle Au Haut Power Co. Docket No. 83-308 Decree Date - 8/15/84	(7,500)	(7,500)	N/A	N/A
Swans Island Elec. Coop. Docket No. 84-96 Decree Date - 8/30/84	13,200	16,007	N/A	N/A
Maine Public Service Company Docket No. 84-80 Decree Date - 11/21/84	<u>7,346,102</u>	<u>570,000</u>	(Partial Stipulation)	
	<u>\$7,417,149</u>	<u>\$658,408</u>		

NOTE: This list does not include fuel and conservation cost recovery clause adjustments, cogeneration contracts, pole rental practices, or investigations.

EXHIBIT K

GAS RATE CASES DECIDED IN 1984

<u>Date Filed</u>	<u>Company</u>	<u>Docket Number</u>	<u>Amount Requested</u>	<u>Amount Granted</u>	<u>Overall Return</u>	<u>Return on Equity</u>	<u>Date Completed</u>
11/18/83	Northern Utilities, Inc.	83-218	\$1,800,000	\$850,000	12.26	N/A	6/22/84 - by Stipulation

EXHIBIT L

## TELEPHONE RATE CASES DECIDED IN 1984

<u>Filed</u>	<u>Company</u>	<u>Docket Number</u>	<u>Amount Requested</u>	<u>Amount Granted</u>	<u>Overall Return</u>	<u>Return on Equity</u>	<u>Date Completed</u>
08/23/83	West Penobscot Tel. Co.	83-221	\$ 141,428	\$ 61,775	8.96	13.85	01/25/84
10/13/83	New England Tel.	82-213	42,995,000 <u>6,560,000</u>	19,000,000 <u>6,560,000</u>	N/A	N/A	05/31/84 - by stipulation 11/13/84 - Depreciation increase
TOTALS			<u>\$49,696,428</u>	<u>\$25,621,775</u>			



EXHIBIT MINVESTOR OWNED WATER UTILITY  
RATE CASES DECIDED IN 1984

Docket No.	Utility	Amount Requested	Amount Allowed	Return on Rate Base	Equity	Date Filed	Decree Date
83-105	Oakland Div. Maine Water Co. on Remand	\$202,138 204,336	\$179,272 199,551	12%	N/A	4/22/83	1/23/84
83-107	Wiscasset Div. Maine Water Co. on Remand	204,341 199,179	153,629 197,138	12%	N/A	4/22/83	1/23/84
83-108	Freeport Div. Maine Water Co. on Remand	315,130 310,847	275,986 307,203	12%	N/A	4/22/83	1/23/84
83-109	Damariscotta Div. Maine Water Co. on Remand	224,380 214,016	189,423 210,846	12%	N/A	4/22/83	1/23/84
83-110	Kezar Falls Div. Maine Water Co. on Remand	126,217 119,410	105,234 117,136	12%	N/A	4/22/83	1/23/84
83-299	Cherryfield West Side Aqueduct Co.	350-	350-	N/A	N/A	11/1/83	8/31/84
84-68	East Vassalboro Water System	<u>17,294</u>	<u>15,199</u>	15.5	N/A	4/10/84	6/29/84
		<u>\$2,136,938</u>	<u>\$1,950,267</u>				

EXHIBIT N

MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES  
RATE CASES PURSUANT TO §72

<u>Docket No.</u>	<u>Utility</u>	<u>Proposed Revenue</u>	<u>Increase Over Prior Year</u>	<u>% Increase</u>
83-361	Limestone Water & Sewer Dist.	\$130,000	\$ 18,636	16.7
84-31	No. Berwick Water Dist.*	146,945	\$ 70,596	92.5*
84-94	Richmond Utilities Dist.	124,740	\$ 21,679	21.0
84-126	Boothbay Harbor Water Sys.	327,789	\$ 53,430	19.5
84-129	Washburn Water Dept.	87,704	\$ 14,618	20.0
84-134	Moscow Water Dist.	20,107	\$ 5,552	38.14
84-136	Farmington Village Corp.	380,161	\$104,611	37.96
84-159	Gray Water Dist.	161,600	\$ 37,182	29.88
84-194	Howland Water Dept.	19,500 Est.	N/A	N/A
84-220	Bingham Water Dist.	80,776	\$ 22,920	39.61
84-223	Lisbon Water Dept.	<u>226,670</u>	\$ 38,191	20.26
	Total	<u>\$1,705,992</u>		

⌘

This is a new District that purchased the existing Company and has made substantial improvements.

EXHIBIT O

PUC RATE CASE DECISION 1980-1984  
(All Utility Categories)\*

<u>Year</u>	<u>Rate Increases Requested</u>	<u>Rates Allowed</u>	<u>Difference</u>
1980	\$ 60.6 million	\$37.4 million	\$23.2 million
1981	\$ 94.2 million	\$60.6 million	\$33.6 million
1982	\$140.5 million	\$75.1 million	\$65.4 million
1983	\$120.5 million	\$39.0 million	\$81.5 million
1984	\$ 61.1 million	\$29.1 million	\$32.0 million

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\*

All data pertains to rate cases concluded in years listed. Data presented by years are not directly comparable. Data presented does not include fuel adjustment increases depicted in Exhibit Q.

## EXHIBIT P

## FUEL IN ELECTRIC RATES

<u>Company</u>	<u>1982 Gross Revenue</u>	<u>1982 Fuel Revenue</u>	<u>1982 % Fuel</u>	<u>1983 Gross Revenue</u>	<u>1983 Fuel Revenue</u>	<u>1983 % Fuel</u>	<u>% Change in Fuel Revenue</u>	<u>1984 Gross Revenue</u>	<u>1984 Fuel Revenue</u>	<u>1984 % Fuel</u>	<u>% Change in Fuel Revenue</u>
Central Maine Power	\$401,335,812	\$183,724,000	45.8	\$456,117,000	\$212,844,000	46.7	15.8	\$517,128,000*	\$253,742,000*	49.1	19.2
Bangor Hydro-Electric	80,603,813	39,494,290	49.0	83,622,648	37,359,269	44.7	(5.4)	95,194,492	46,897,054	49.3	25.5
Maine Public Service	<u>31,059,322</u>	<u>12,132,825</u>	39.1	<u>33,007,069</u>	<u>11,633,158</u>	35.2	(4.1)	<u>34,206,579</u>	<u>12,403,250</u>	36.3	6.6
	\$512,998,947	\$235,351,115		\$572,746,717	\$261,836,427			\$646,529,071	\$313,042,304		

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\*

12 months ended November 30, 1984

NOTE: Above data indicates proportionate ratio of fuel revenue to gross revenues for Maine's three largest electrical utilities for 1982-1984.

Not included is data for twelve smaller electric utilities which, when combined, account for only 3% of total electrical sales in Maine. These twelve smaller utilities are not involved in Chapter 34 proceedings, as their fuel charges change automatically on a monthly basis, based upon historical cost data. Combined gross revenues of the twelve smaller electric utilities were \$15.8 million in 1982, and \$18.6 million in 1983.

## COST OF GAS ADJUSTMENT IN NATURAL GAS RATES

<u>Company</u>	<u>1982 Gross Revenue</u>	<u>1982 Gas Cost</u>	<u>1982 % Gas</u>	<u>1983 Gross Revenue</u>	<u>1983 Gas Cost</u>	<u>1983 % Gas</u>	<u>% Change in Gas Cost</u>	<u>1984 Gross Revenue</u>	<u>1984 Gas Cost</u>	<u>1984 % Gas</u>	<u>% Change in Gas Cost</u>
Northern Utilities	\$ 19,500,740	\$ 12,423,030	64	\$ 21,209,930	\$ 14,582,397	69	17.4	\$ 20,639,550	\$ 13,835,967	67.0%	(5.1%)

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\*

These figures are preliminary (prior to audit reviews) and may be adjusted at a later date.

EXHIBIT Q

Days of Hearings Held in 1984

New England Telephone Rate Case	32
Seabrook Investigation	31
Central Maine Power Rate Case	13
Maine Public Service Rate Case	8
Continental Telephone Rate Case	6
Northern Utilities Rate Case	<u>1</u>
TOTAL	91
Other	<u>54*</u>
TOTAL	145

\* This figure represents a large number of relatively minor cases, each of which involved minimal hearing time.

3. Consumer Assistance Division.

Customer complaints/contacts received by the Consumer Assistance Division (CAD) vary widely from requests for information to complicated complaints regarding line extensions. Some requests for information may take a relatively short time to resolve, while the more complicated cases may take months, including many hours of Staff time. In each case received by the CAD, the Staff first directs the customer to contact the utility, if that has not already been done. Second, the Staff works with the utility and the customer to resolve each individual problem. In addition, the CAD analyzes the cases to identify utility practices that need to be corrected. Problem areas are brought to the attention of the utility for appropriate resolution.

The CAD may provide testimony in rate case or quality of service proceedings with regard to a utility's consumer practices, as it did in the current Central Maine Power rate case. In addition, the Division may recommend that cases involving willful or reckless violations on the Commission Rules by a utility be taken to Administrative Court pursuant to 35 M.R.S.A. §314. Finally, the Division may recommend the Commission order an audit of a utility's consumer services program pursuant to 35 M.R.S.A. §18.

During calendar year 1984, the Division received 5,741 customer complaints/contacts. 5,605 cases were closed, leaving 136 cases pending on December 31, 1984. A detailed breakdown of these cases is presented in Exhibit R. These cases are not included within the Commission's caseload statistics presented in the previous sections, except in rare instances where an appeal from a CAD decision to the Commission is docketed.

In addition to assisting customers with a variety of service, billing, disconnect, deposit and other concerns, the Division was involved in adjusting/waiving customer charges in 295 cases in calendar year 1984. As a result, the utilities involved returned a total of \$123,000 in refunds and credits to customers. A breakdown of this data by type of utility is included in Exhibit S.

The caseload of the Division has increased significantly in recent years. Exhibit T reviews the caseload figures since 1980 and the customer charges adjusted/waived since 1981.

Under Chapter 81 of the Commission Rules, electric and gas utilities are prohibited from disconnecting customers who meet certain income eligibility criteria during the winter months, unless permission is granted by CAD. Customers who are unable to pay their bills during the winter months are permitted to enter into a special payment arrangement with the utility and, thereby, spread their payments over the summer months. All back bills must be paid prior to November 1st. A summary of activity under the Winter Disconnect Rule for the winter of 1983-84 is included in Exhibit U. The Division received 861 requests from utilities to disconnect customers. 408 of these requests were granted, generally because the premises were vacated or the customer refused to enter into a payment arrangement. 43 requests were denied, and 410 requests were withdrawn by the utilities. Of the 410 requests withdrawn, 369 involved cases where the utility received payment in full or a payment arrangement was entered into, in most cases after CAD contacted the customer. In 41 cases, the customer vacated the premises.

EXHIBIT R

CONSUMER ASSISTANCE DIVISION  
1984  
TOTAL COMPLAINTS/CONTACTS

I.	<u>Service</u>	
	S1 Request for New Service .....	438
	S2 Request for Service Repairs .....	423
	S3 Service Charges/High Usage .....	472
	S4 Line Extensions .....	145
	S5 Directory Listings .....	53
	S6 Extended Area Service .....	8
	S7 Outages .....	15
	S8 Meter Checks .....	29 = 1,583
II.	<u>Billings</u>	
	B1 Payment Arrangements .....	509
	B2 Overbilled .....	129
	B3 Underbilled .....	8
	B4 High Tolls .....	8
	B5 Cost - Aid in Construction .....	3
	B6 Mileage .....	4
	B7 Request for or Granted Rebate .....	28
	B8 Fuel Adjustment .....	1
	B9 Estimated Billings/Budget Payment Plan .....	11 = 701
III.	<u>Disconnect</u>	
	D1 Notices .....	722
	D2 Disconnections .....	515
	D3 Utility Winter Disconnect Waivers .....	861
	D4 Improper Disconnections .....	65 = 2,163
IV.	<u>Deposits</u>	
	P1 Request for Deposit .....	161
	P2 Payment of Deposit .....	5
	P3 Request for Refund of Deposit .....	29 = 195
V.	<u>Miscellaneous</u>	
	M1 General Protest .....	305
	M2 Customer Owned Equipment .....	18
	M3 Request for Waiver .....	14
	M5 General Information .....	360
	M6 Hearing Request .....	1 = 698
VI.	<u>Special Files</u>	
	CLP Conservation Loan Program .....	6
	U Unregulated Areas (cable TV, Sewers, etc.) .....	259 = 265
	Cases Pending 12/31/83 .....	140
	Total Cases Received 1984 .....	5741
	Total Cases Closed 1984 .....	5605
	Cases Pending 12/31/84 .....	136



EXHIBIT S

CONSUMER ASSISTANCE DIVISION  
1984  
CUSTOMER CHARGES ADJUSTED/WAIVED

<u>TELEPHONE:</u>	\$ 23,589.20
<u>ELECTRIC:</u>	83,944.74
<u>WATER:</u>	14,020.45
<u>GAS:</u>	776.79
<u>NON REGULATED (AT&amp;T):</u>	<u>710.30</u>
TOTAL:	\$123,041.48

EXHIBIT T

CONSUMER ASSISTANCE DIVISION  
COMPLAINTS/CONTACTS 1980-1984

<u>Year</u>	<u>Number of Complaints</u>
1980	3,359
1981	4,673
1982	4,811
1983	4,428
1984	5,741

CUSTOMER CHARGES ADJUSTED/WAIVED 1981-1984

<u>Year</u>	<u>Amount</u>
1981	\$ 61,703.71
1982	\$ 60,606.24
1983	\$ 94,934.70
1984	\$123,041.48

EXHIBIT U

CONSUMER ASSISTANCE DIVISION  
UTILITY WINTER WAIVER REQUESTS

1983-1984

	Waiver Request to <u>Disconnect</u>	Waiver Request <u>Granted</u>	Waiver Request <u>Denied</u>	Waiver Request <u>Withdrawn</u>
Central Maine Power	527	265	15	248
Bangor Hydro-Electric	64	34	0	30
Maine Public Service	77	15	3	59
Kennebunk Light & Power	1	0	0	1
Eastern Maine Electric	45	18	1	26
Northern Utilities	<u>147</u>	<u>76</u>	<u>24</u>	<u>46</u>
TOTALS	861	408	43	410

4. Telecommunications Equipment Plan for Hearing-Impaired and Speech-Impaired.

35 M.R.S.A. §2361(3)(4), enacted by P. L. 1983, c. 531, creates a "Telecommunications Equipment Fund," which may be used for the purchase, lease, upgrading, installation, maintenance and repair of special telecommunications equipment for the deaf, hearing-impaired or speech-impaired. The Office of Deafness in the Bureau of Rehabilitation in the Department of Human Services is required to develop a plan annually to make special communications equipment available to deaf, hearing-impaired and speech-impaired persons, and to distribute monies from the Telecommunications Equipment Fund. The plan is developed by the Office of Deafness and approved by the Commission annually, no later than January 1st, after appropriate notice and hearing. The law further requires that the Commission include a progress report on this program in its Annual Report to the Joint Standing Committee on Utilities.

On December 6, 1983, the Office of Deafness filed with the Commission a "plan for the dissemination of telecommunications devices for the deaf." A hearing was held on January 4, 1984, to consider whether the Commission should approve the plan as filed or whether revisions should be made. The Office of Deafness was the only formal party to the proceeding; neither the Commission Staff nor any other party intervened. All the witnesses at the hearing testified in support of the plan. On January 11, 1984, the Commission issued its Order approving the plan, as modified by three minor changes.

The plan approved by the Commission provides for the use of \$40,000 appropriated from the General Fund for FY 84 and FY 85, by P. L. 1983, c. 531, Section 3. The plan budgeted the \$40,000 for FY 84 as follows:

1.	Payments and repair of TDD* equipment	\$ 4,000
2.	Ring signalers required for those who receive TDD's under the Cost Sharing Program (20 at \$55 each)	1,100
3.	Purchase of 58 TDD's at \$600 each	34,800
4.	Postage and supplies	<u>100</u>
	TOTAL	\$40,000

Most of the funds will be used for the purchase of TDD's by the Office of Deafness, which will then be loaned at no cost to deaf, hearing-impaired and speech-impaired persons. Eligible recipients will be assigned various priority status depending on their age, living arrangements and economic status.

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\*

The Commission has not yet considered the plan of the Office of Deafness for 1985. On December 28, 1984, the Commission received a letter requesting an extension to February 1, 1985, for completion of the plan. The Commission responded it could not unilaterally extend the statutory deadline of January 1, but otherwise had no objection to the delay. A progress report on the 1985 plan will be included in the Commission's next annual report.

Social issues involved in the distribution of funds and equipment under the Telecommunications Equipment Plan are largely beyond the purview of the Commission's economic and service jurisdiction over telephone utilities. In the future, as the Commission and the Office of Deafness gain more experience with the Telecommunications Equipment Plan, the Commission may propose legislation to terminate its responsibility to conduct a hearing and approve the plan on an annual basis. The proposal, review, hearing and approval of the plan might best be conducted by the Office of Deafness in a rulemaking proceeding.

#### 5. One-Year Prohibition on Rate Filings.

35 M.R.S.A. §64, second paragraph, was amended by P. L. 1983, c. 19 (L. D. 212, "An Act to Clarify the Time During Which a Utility is Restricted From Filing a Rate Case Under the Public Utility Law") to provide that the one-year prohibition on rate filings would not apply where the proceeding initiated by the prior filing was terminated without a final determination of the utility's revenue requirement. During the work session on L. D. 212, the Chairman directed the Commission to include in its Annual Report a report on how many cases occurred in which a rate case was dismissed and the utility subsequently refiled within less than one year pursuant to this legislation. This reporting requirement was confirmed in a letter from the Commission dated March 23, 1983.

The Commission reports that during 1984 (as in 1983) and through the date of this Report, there were no rate case filings initiated by a utility pursuant to L. D. 212 within less than one year of a prior rate filing that was terminated without a final determination of the utility's revenue requirement.

#### 6. Conservation Programs.

The Joint Standing Committee on Utilities requested the Commission include in its Annual Report a specific discussion of the Commission's treatment of electric utility requests for rates to recover expenses associated with the conservation loan programs. This section responds to the Committee's request and includes, in addition, a status report on all conservation programs and the recovery of related expenses.

By P.L. 1983, c. 723, the Legislature amended 35 M.R.S.A. §94 to require the Commission to adopt rules to allow electric utilities to adjust rates to recover the reasonable incremental costs associated with implementing energy conservation techniques or innovations, to the extent these costs are not already reflected in the utility's existing rates. In the final months of 1984, the Commission, the Public Advocate's Office and representatives of the major electric utilities met to discuss the form of the new rule. In November, the Commission published a proposed rule entitled "Chapter 37, Energy Conservation Adjustment for Electric Utilities." The proposed rule is patterned, in some respects, on Chapter 34, the rule implementing the fuel adjustment clause. In addition, as allowed by 35 M.R.S.A. §94(3)(B), the proposed energy conservation adjustment contains a provision for incentives for the utility's effective implementation of the Electric Rate Reform Act.

A hearing on the proposed rule was held in January, 1985, and the Commission expects to have the rule in place by the end of February. The effect of the enactment of such a rule will be, in most cases, to remove from rate cases the issue of conservation expense recovery.

Central Maine Power Company. On February 29, 1984, the Commission ordered Central Maine Power Company (CMP) to implement an appliance rebate program designed to encourage customers to choose the most energy efficient, large appliances on the market. By year's end, 3,745 requests for rebates were made and 2,937 were granted. Also on February 29, 1984, the Commission directed CMP to implement a pilot commercial conservation loan program to provide free energy audits and low cost loans for energy conservation measures in existing commercial buildings. During the year, CMP developed the audit program and set up the mechanism to select participants. It is expected 1,200 commercial buildings will be targeted for intensive outreach and follow-up services to explore ways of refining the design of a commercial energy efficiency program.

Despite modifications made to the residential conservation loan program, pursuant to Commission Order in August, 1983, this program remains a disappointment. There was again little activity in the program and discussions began in the fall with interested parties on ways either to terminate or redesign it.

In December, 1984, CMP filed a proposed, demonstration Residential Energy Management Assistance Program to insulate and weatherize homes of low income, electric space-heating customers. That proposal is now pending before the Commission. The Company has announced it plans to propose additional programs this spring.

CMP's weatherization program, ordered by the Commission August 31, 1983, was an overwhelming success in 1984. By year's end, an estimated 15,000 water heater wraps had been installed or distributed. With an annual savings of between 800 and 1,200 kilowatt-hours per customer, the program promises to save 15 million kilowatt-hours per year.

Additional savings will be achieved by the installation in 1984 of water heater wraps and weatherization measures for low income households by the Community Action Programs under contract to CMP pursuant to Commission order.

The success of the weatherization program gave a big boost to the audit program. Many customers chose to have an audit before deciding which additional weatherization measures to purchase along with their water heater efficiency measures. By November 1, 1984, CMP had performed 7,350 audits.

On May 24, 1984, the Commission approved a stipulation providing for a step increase of \$3,326 million dollars in rates to cover the actual and projected cost of CMP's ongoing energy conservation program. Under the stipulation, CMP would present any uncollected balance to the Commission, either in its next rate case or in a cost recovery proceeding authorized under the proposed Rule discussed above. CMP included conservation cost expenses in its most recent rate case filed in August, 1984, Docket No. 84-120, but, by agreement of the parties and pursuant to a procedural order, has withdrawn the matter from the rate case in anticipation a conservation cost recovery rule will be in place before the close of hearings.

Bangor Hydro-Electric Company. Bangor Hydro-Electric Company instituted both a residential and a commercial conservation program during 1984. The residential program was approved by the Commission in January. The water heater and low-flow showerhead program is without charge to the customer. There is no appliance rebate program. Bangor Hydro has instead implemented a program to provide information on the efficiency of appliances directly and through appliance dealers. The program also includes a free residential audit and low cost weatherization measures.

During the last 3 months of 1984, Bangor Hydro received 1,450 orders for water heater wraps and low-flow showerheads. These orders were processed and turned over to a contractor for installation.

The Commission approved Bangor Hydro's pilot commercial program in December, 1984. Participants will be given free energy audits and follow-up services designed to encourage them to implement the recommendations of the audit. Low interest loans are also available or, in lieu thereof, grants in the amount of the interest subsidy.

The Commission, in December, 1984, approved a stipulation which allowed Bangor Hydro to raise its rates slightly to recover past and future conservation program expenditures. As in the case of Central Maine Power Company, conservation cost recovery was ordered pursuant to the proposed Chapter 37 of the Commission Rules.

Maine Public Service Company. Maine Public Service Company's residential conservation program (other than the previously implemented loan program) was approved by the Commission in November, 1983. The program provides free electric water heater jackets and rebates for energy efficient electric appliances. As with Central Maine Power Company, the response to the water heater program has been enthusiastic with 76% of identified water heater customers participating by the end of November, 1984. In the same time period, 181 customers had been granted rebates for efficient appliances. To date, Maine Public Service has not proposed a commercial conservation program.

At the time of approval of the residential conservation program in November, 1983, the Commission had denied an increase in rates to Maine Public Service on the grounds the request violated the Commission's policy against "single-issue" rate requests. However, in May, 1984, the Commission approved a stipulation which allowed a small increase to cover previously incurred costs. This stipulation was approved, in large part, because of Maine Public Service's worsening cash flow situation. In the future, requests for rates to recover energy conservation expenses from Maine Public Service will be handled pursuant to the proposed Chapter 37 of the Commission Rules.

Northern Utilities. On June 22, 1984, the Commission approved Northern Utilities' proposed residential hot water conservation program, under which Northern would provide, at no charge to eligible customers, water heater jackets, piping insulation, low-flow faucet aerators and low-flow showerheads. On December 17th, the Commission approved the proposed expansion of this program to include small commercial customers with water heaters no larger than 80 gallons. Customers received notice of the program through a bill insert and advertisements in local publications directed toward municipal officials, Home Energy Assistance Program recipients and senior citizens. As of January 4, 1985, 15,043 bill inserts had been mailed, 1,580 responses had been received and 674 installations had been completed. Northern expects to satisfy all outstanding requests by mid-February, 1985.



Northern has agreed to set aside \$50,000 for the hot water conservation program. If the expenses of the program exceed this amount, Northern will accumulate the excess in a separate account; when \$25,000 has accrued or 36 months have elapsed, Northern will be entitled to a rate increase for all reasonably incurred costs on a uniform, cents per CCF\* basis over a 12 month period. This rate increase is conditioned upon a demonstration that Northern is not earning a return greater than 12.51% overall.

7. Violations and Penalties Relating to Disconnection and Deposit Regulations.

35 M.R.S.A. §314, paragraph 4, provides that the Commission may bring an action in Administrative Court against a public utility that has willfully or recklessly violated Chapters 81, 86, or 87 of the Commission Rules. This statute became effective on July 25, 1984. While the Commission has not yet filed any actions in Administrative Court, it has notified all utilities subject to its jurisdiction that it will not hesitate to file such actions in instances in which there are sufficient facts to justify doing so. Over twenty allegations of willful or reckless violations of Chapter 81 are currently under investigation. The Commission will file actions in Administrative Court if, after investigating the alleged violations of its rules, it concludes that willful or reckless violations have occurred. Insufficient time has passed since the enactment of this law to determine whether it is effective in deterring utility violations of Commission Rules.

8. Management Audits.

35 M.R.S.A. §18 provides that the Commission may require the performance of a management audit of the operations of any public utility in order to determine:

1. The degree to which a utility's construction program evidences planning adequate to identify realistic needs of its customers;

2. The degree to which a utility's operations are conducted in an effective, prudent and efficient manner;

3. The degree to which a utility minimizes or avoids inefficiencies which otherwise would increase cost to customers; or

4. Any other consideration which the Commission finds relevant to rate setting under Chapter 3, §§51 and 52.

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Hundred Cubic Feet

Section 18 also provides that the Commission may select an independent auditor to perform the audit, require a utility to pay for the cost of the audit and require the utility to execute a contract with the independent auditor. Finally, Section 18 provides the full cost of the audit shall be recovered from the ratepayers, and that the Commission shall consider the impact of the cost of the audit upon the ratepayers.

Pursuant to Section 18, the Commission has ordered limited scope management audits in the Seabrook investigation and the Continental Telephone Company rate case. In addition, in its decision of November 13, 1984, in the New England Telephone Company rate case, the Commission ordered Section 18 management audits of NET's service ordering function and construction planning process. Reports on these audits will appear in next year's annual report.

## V. MAJOR ISSUES.

In 1984, a large portion of the Commission's resources were devoted to two major issues, Seabrook and telecommunications. 31 of the Commission's 145 days of hearings were devoted to the Seabrook investigation. In addition, 21 days of hearings were devoted to the related Central Maine Power and Maine Public Service rate cases. The New England Telephone Company rate and measured service cases required a total of 32 days of hearings. Thus, a total of 84 of the Commission's 145 days of hearings held in 1984 were devoted to the New England Telephone cases, Seabrook and related cases. The Seabrook case in particular placed significant and unanticipated pressure on Commission resources. The current status of these cases is summarized below.

### Seabrook.

Four Maine utilities [Central Maine Power, Bangor Hydro-Electric, Maine Public Service and Eastern Maine Electric Cooperative] together own approximately 10% of the Seabrook Nuclear Power Project. They have invested to date in excess of \$350 million in the project. In April of 1984, Public Service Company of New Hampshire (PSNH), the lead owner, stopped construction on the Seabrook project. This action was due to financial difficulties PSNH was experiencing. On June 28, 1984, the Maine Public Utilities Commission issued a Notice of investigation pursuant to 35 M.R.S.A. §296 for the purpose of investigating the reasonableness of past and future involvement of Maine utilities in the Seabrook project. This investigation would be carried out in two phases. Phase 1 would determine whether or not it was reasonable for Maine utilities to continue to invest in Seabrook Unit I. Phase 2 would determine the prudence of the Maine utilities past investment in Seabrook Unit II. In July, 1984, Maine Public Service Company filed a rate case with the Commission which sought among other things to recover its investment in Seabrook Unit II. In September of 1984, Central Maine Power Company also filed a rate case seeking to recover its investment in Seabrook Unit II. All three utilities have sought to prefinance at least part of their share of the cost of finishing Seabrook Unit I. The Commission has approved these financings on the condition the money not be used for Seabrook Unit I without further action by the Commission. On December 13, 1984, the Commission issued an Order which was the first of two steps necessary to conclude Phase 1 of the Seabrook investigation. That Order provided that Maine's three major electric utilities may continue to participate in the construction of Seabrook I if, by January 11, 1985, they have received "credible firm offers to buy their complete ownership shares upon completion or by a date certain (whichever is sooner) and at prices that are consistent with their testimony on completion dates and sale value" in the proceeding. The Commission went on to say, "In the absence of such offers, the

risks associated with further participation in Seabrook I may well outweigh the benefits for Maine consumers, and further expenditure by Maine utilities under such circumstances would be an unreasonable act under 35 M.R.S.A. §294." The Commission finally indicated that should buyers not be found the Commission would issue a final order regarding the participation of the Maine utilities in Seabrook I. The Commission concluded, "Prudent planning requires the assumption that this subsequent Order will unequivocally require the Maine utilities to present plans for their complete disengagement from Seabrook within a short time after January 11, 1985."

Whatever the outcome of Phase I of the Seabrook investigation, the Maine utilities will presumably seek to recover their investments in Seabrook Unit I in future proceedings before the Commission. The attempts by the utilities to recover their investments in Seabrook Unit II are continuing and will be decided by the Commission in the spring of 1985.

Clearly, the Seabrook case is unique in complexity, magnitude and its impact on Maine ratepayers. It is anticipated a large portion of the Commission's resources will continue to be devoted to Seabrook and related issues for the foreseeable future.

#### Telecommunications.

Two issues dominated telecommunications activity before the Commission in 1984, the divestiture of the Bell operating companies from AT&T and the decision by the Public Utilities Commission to impose mandatory local measured service in certain exchanges on July 1, 1985.

Divestiture. On January 1, 1984, the Bell operating companies were separated from AT&T as a result of an antitrust action brought by the U.S. Department of Justice. As a result of this decision, local exchange service and intrastate toll service are now provided by New England Telephone, a subsidiary of NYNEX Corporation. Interstate toll service and customer premise equipment continue to be provided by AT&T. In addition to divestiture, increased competition in an industry that was once monopolized by AT&T has created considerable confusion among the consuming public. Although most of the decisions relating to divestiture have been and will continue to be made at the Federal level by the Federal Communications Commission (FCC), these decisions will impact directly on the Maine Public Utilities Commission and on Maine ratepayers.

NET Rate Case. In October of 1983, New England Telephone Company (NET) filed a request for a rate increase that would generate approximately \$45 million in new revenue. During the

first few months of 1984, the Commission held 32 days of hearings on this request. On May 31, 1984, the Commission approved tariffs for NET which implemented a revenue increase of \$19 million. The Commission also approved an across-the-board, interim rate design pending a full review of the rate design proposals by the parties. On November 13, 1984, the Commission issued its second and final order in the NET rate case, approving a rate design which included local measured service. Under the new plan, as of July 1, 1985, all NET customers in exchanges with electronic switching (generally the urban areas of the State) will pay a reduced basic monthly charge for telephone service. However, they will be charged for local calls based on their number and duration. This plan is expected to result in lower bills for the majority of NET's customers in the affected exchanges. The Commission also required NET to reduce installation charges for low income customers.

The reasons for these changes are two-fold:

1. By reducing the basic monthly charge and the installation fee for low income customers, the Commission's Order furthers the Legislative goal of universal telephone service [see 35 M.R.S.A. §74]; and

2. Under the previous, unlimited calling arrangement, the majority of customers with low usage patterns were subsidizing the minority of customers with high usage patterns. Local measured service, in large part, eliminates this subsidy and is therefore fair to all parties. As in electricity and gas, customers will pay for what they use.

## VI. CONCLUSION.

In this report we have provided to the Legislature detailed information pertaining to the activities of the Maine Public Utilities Commission over the past year. In Chapter III, the Commission has fulfilled its statutory reporting requirements under 35 M.R.S.A. §§17(2), 18 and 3358. In Chapter IV, the Commission has fulfilled its commitments to provide certain additional information to the Utilities' Committee.

The Commission continues to work closely with the Legislature on issues affecting the Public Utilities Commission and Maine ratepayers, and is prepared to provide any additional information on request.

During 1984, the Commission was reviewed by the Committee on Audit and Program Review. The Committee's report will be published in early 1985. The Commission and its Staff have worked closely with the Committee and believe the process has been beneficial to all parties. The Commission looks forward to further dialogue with the Committee and the Legislature in conjunction with the release of the Report.