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# STATE OF MAINE PUBLIC UTILITIES COMMISSION

## 1995 ANNUAL REPORT

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# INTRODUCTION



## COMMENTS FROM THE CHAIRMAN

In last year's annual report, I described the changes in regulatory approach that the Maine Public Utilities Commission was just beginning. During the past year, we have continued to align regulation in Maine more closely with the forces affecting the markets within our jurisdiction and, I believe, have prepared a solid base for working through the daunting tasks that still lie ahead.

In telecommunications, the Commission completed a major rate case for NYNEX, and, in addition, approved an Alternative Form of Regulation for NYNEX in conformity with legislation passed in 1994. In the latter case, we adopted a five-year plan that grants NYNEX very extensive pricing flexibility, removes both ceilings and floors for NYNEX's earnings, and requires that real prices for basic services decline by more than 20% over the period of the plan.

In the rate case, the Commission concluded that NYNEX's rates produced more than \$14 million in excess revenue. The Commission required NYNEX to eliminate charges for Touch-Tone service and reduce its intrastate toll rates. The Commission also directed NYNEX to provide up to \$4 million per year, for five years, in services and funds to ensure that schools and libraries in Maine have the ability (and the equipment) to reach, through high-capacity lines, the rapidly expanding universe of information represented by the Internet. I am gratified by the excitement that this portion of our order has generated among schools and libraries throughout the state; once the plan has been implemented, every school child, and every member of every community with a public library, will be able to use the resources of the Internet and related services. In my view, universal service is not a static concept, and we must continue to develop approaches to regulation--such as the schools and libraries provisions in our NYNEX order--that make this concept meaningful in the last years of the 20th century.

We have not, however, moved as quickly as I would have liked on the issue of creating the regulatory conditions necessary to encourage competition in Maine's intrastate telecommunications markets. The public comment on our initial proposal suggested that we had a great deal more work to do. The activity in Washington concerning major telecommunications legislation has also made it difficult to develop an approach that will be effective for Maine. When and if that legislation is passed, it will be, I hope, easier to focus on the specific measures we need to take on the state level to encourage the continued growth of Maine's telecommunications infrastructure.



Issues in the electric industry have also been an important focus of the Commission. We granted both Bangor Hydro-Electric Company and Maine Public Service Company a significant degree of pricing flexibility to enable those companies to deal more quickly and more effectively with the increasing competitive pressures that face all electric utilities in New England. We also approved a four-year rate plan for Maine Public Service that will moderate, though not eliminate, the price increases faced by its customers over the next few years.

Beyond these modest though important regulatory steps, however, lies the debate that now dominates the electric industry throughout the country: to what extent, if any, should the electric utility industry be restructured, and to what further extent should competition be allowed or encouraged in the electricity markets. At the direction of the Legislature, the Commission has begun its inquiry, to be completed by the end of 1996, into the myriad issues raised by this debate. The Commission will benefit from the excellent report of the Work Group which took a preliminary look at these issues, and will be keeping a close watch over the restructuring activities in other jurisdictions.

Our examination of the relationship between environmental goals and regulation continued this year with our participation, with the State Planning Office and the Department of Environmental Protection, in a study of environmental externalities and their regulatory treatment. As part of that effort, the Commission has developed an excellent library of materials concerning environmental externalities and the relationship between regulatory policy and the environment in general. The report itself provides a useful starting point for the policy debate concerning our environmental and regulatory activities, and in particular raises important questions about the consistency of our treatment of environmental threats from different fuel choices.

We have not only looked outside the Commission; we have also spent time looking within to ensure that our structure, and practices, are truly serving the needs of all of our constituents. Part of this effort has been driven by personnel changes. We have a new commissioner, Heather Hunt, who brings not only youth and enthusiasm but also substantial experience in regulation and a "take no prisoners" attitude to intellectual discourse. In addition, we have brought Dennis Keschl on board to manage our Technical Analysis Division, and Chris Simpson was promoted to replace Charlie Jacobs as our Administrative Director.

More fundamentally, however, we have undertaken a comprehensive review of all of our activities to make sure that, as the industries we regulate change, we can keep pace and be effective in our role of protecting the public interest. It is clear to all of us that, as competition increases in all our areas of jurisdiction, some of the traditional regulatory tools may have less relevance. Just as clear, however, is that as competition replaces monopoly, new and equally important tasks will emerge. In

examining ourselves, we have begun (and expect to complete this year) reviews of our Total Quality Management efforts; our divisional structure; how our project teams are organized; the evolving role of advocates and advisors within the Commission; and our effectiveness in communicating with the public and those whom we regulate, including our efforts to join fully the computer and information age and our use of the vast capabilities of Geographic Information Systems.



**YEAR IN REVIEW**



## **COMMISSION DETERMINES PROPER LEVEL OF REVENUES AND EARNINGS FOR NYNEX**

In Docket No. 94-254, which became known as the "Pease Case" (after the name of the lead complainant), the Commission reviewed the level of revenues and earnings for NYNEX. On May 15, 1995, the Commission issued an Order in which it found that NYNEX should decrease its Maine intrastate revenues by \$10.466 million. The Commission determined that the decrease would be accomplished by eliminating charges for Touch-Tone service, and by reducing rates for toll services. The Commission further found that NYNEX must provide up to \$4 million per year in rate reductions and/or other benefits to schools and libraries and that NYNEX must issue a one-time credit to all customers of \$2.8 million.

## **COMMISSION APPROVES ALTERNATIVE FORM OF REGULATION FOR NYNEX**

In Docket No. 94-123, the Commission adopted an Alternative Form of Regulation (AFOR) to govern the Maine intrastate operations of NYNEX for the next five years. The AFOR includes a price cap structure and a pricing rule that will apply to all of NYNEX's "core" services. Core services include non-discretionary services (primarily basic exchange and toll services) and discretionary services (such as Custom Calling, Phonesmart Services, and special contracts for customers with competitive alternatives). The price cap does not apply to non-core services, which include new competitive broadband services.

The primary pricing rule caps the annual aggregate change in prices for core services during the term of the AFOR to the rate of inflation less a "productivity offset" of 4.5%. Other price cap rules limit the level of change for individual core service rate elements that can be made under the AFOR. The Commission's revenue requirement findings in the Pease case, Docket No. 94-254, established the starting point for rates under the AFOR.

NYNEX is allowed to raise the price for core services only at the time of its annual rate adjustments. NYNEX may decrease prices for any service at any time. To ensure the continued high quality of service now provided by NYNEX, the Commission adopted a Service Quality Index and a mechanism to provide rebates to customers if service quality does not meet the standards established by the Index.

## **COMMISSION APPROVES NETWORK ACCESS PLAN FOR MAINE'S LIBRARIES AND SCHOOLS**

In January of 1996, as a continuation of the Pease and AFOR cases, the Commission approved a specific plan to improve access to information networks and services for Maine's libraries and schools. The plan directs the spending of up to \$4.0 million per year for 5 years to enhance information networks and services to libraries and schools throughout Maine. The plan, as approved, will also allow Maine's libraries and schools to design the access that best suits their individual needs by providing a choice of telecommunications services packages.

Under the plan, all services or facilities will either be provided directly by NYNEX or by other providers with monies drawn from a NYNEX-managed account. NYNEX will be required to develop and make available a Backbone Tier and two standard NYNEX-provided Access Tier packages. Each library and school can choose one of these two NYNEX-provided Access Tier packages.

A library or school may also choose an alternative "equivalent value services" package in lieu of the NYNEX standard packages. The equivalent value service package will allow the libraries and schools flexibility in providing for their individual needs. As long as an equivalent value service package provides network functions that are equivalent to or better than those provided under the NYNEX standard package, a library or school will be permitted to contract for such services. A library or school can also "pool" or combine its individual service package with other users to purchase or construct access services for more than one user. The alternative service packages, which may include access technologies and network functions, may be furnished by NYNEX or other providers (e.g., cable television, internet access providers, or interexchange companies). The Commission also ordered that computers and related equipment be made available to schools and libraries that do not currently have the equipment needed to take advantage of the interconnection.

To oversee implementation of the plan, the Commission created an Advisory Board. This Board will assist the Commission in reviewing alternatives available to schools and libraries, and recommend specific alternatives for Commission approval. The Advisory Board will include representatives from the Office of the Public Advocate, NYNEX, the New England Cable Television Association, the Maine Department of Education, Maine's library community, Maine's internet service providers, and the Commission's Staff.

## **COMMISSION TO STUDY POTENTIAL FOR RETAIL ELECTRIC COMPETITION**

In December of 1995, the Commission formally began a study of how to bring retail competition to Maine's electric industry. The study is in response to a legislative directive (Legislative Resolve 1995, Chapter 48) that requires the Commission to develop two or more plans for an orderly transition to a competitive market for the retail purchase and sale of electricity by the year 2000. The Resolve requires the Commission to submit its plans to the Legislature by January 1, 1997.

The Resolve also established an 18-member Work Group on Electric Industry Restructuring to address a number of restructuring issues. Members represented a variety of stakeholders in Maine's electric industry, including Legislators, the State Planning Office, the Public Utilities Commission, the Office of the Public Advocate, electric utilities, and a number of electric customer groups. The Work Group issued a report of its findings in December of 1995. The efforts of the Work Group have helped shape the Commission's approach to restructuring of Maine's electric industry, and the Commission intends to incorporate the findings and recommendations of the Work Group into the Commission's final report to the Legislature.

The Resolve directs the Commission and the Work Group to consider 11 issues. These issues include an examination of stranded costs, the effect of the regional market and federal laws on the transition, State energy, environmental, and social policies, the effect of competition on the various stakeholders, the economic impact on the State, service reliability, contract obligations, corporate structure, and need for protection against anticompetitive practices.

The Commission plans to conduct its study in a non-adjudicatory manner, obtaining input from interested persons through written comments and requests for information. The Commission will also conduct at least four public hearings throughout the process and expects to hold several less-formal meetings, such as technical conferences and roundtable discussions.



## **COMMISSION APPROVES A PRICING FLEXIBILITY PROGRAM AND A RATE STABILITY PLAN FOR MPS**

In August of 1995, the Commission approved a stipulation in Docket No. 95-052 that established a pricing flexibility program for Maine Public Service Company (MPS). The terms of the Stipulation were essentially the same as the pricing flexibility provisions for CMP in the Alternative Rate Plan approved in January of 1995. The pricing flexibility program provides mechanisms that allow pricing proposals that meet specified criteria to become effective 30 days after filing. The Commission has processed and approved several MPS pricing flexibility proposals during 1995. Special rates or tariffs currently in effect under the MPS pricing flexibility plan include load retention rates for residential and commercial electric space heat load, an economic development rate, and an agricultural storage rate.

In November of 1995, the Commission approved a stipulation filed by several parties in the rate case portion of Docket No. 95-052. The Stipulation established a Rate Stability Plan (RSP) for MPS that took effect on January 1, 1996 and permits MPS to increase its rates by:

4.4% in 1996;  
2.9% in 1997;  
2.75% in 1998, and  
2.75% in 1999.

Under the Stipulation, the Company agrees to write off and forego any rate recovery of \$11.7 million in assets. These write-offs include \$6.2 million of Seabrook wholesale investments, \$2 million in other wholesale operating assets, and \$3.5 million in deferred fuel balances.

In addition, the Stipulation caps the deferred expense balance (the amount of current expenses not included in current rates which will be collected from ratepayers after the plan's expiration) at approximately \$8 million. Included in this \$8 million deferral is \$2 million of uncollected fuel costs related to the replacement of Maine Yankee power during its 1995 outage, and \$6 million of fuel costs associated with the Company's purchased a power contract with Wheelabrator/Sherman to be incurred between January 1, 1996 and January 31, 2000.

During the term of the rate plan, the operation of the MPS's fuel clause is suspended. Therefore, the Company will not be able to flow through to its retail ratepayers changes in fuel costs during the four years of the plan.

The Stipulation further requires that the Company maintain service quality at traditional levels and establishes specific service quality standards. Should the Company fail to meet such standards it would be subject to annual penalties up to \$200,000.

The Commission expects to resolve some remaining rate issues for MPS, including whether rates among customer classes should be adjusted, in the spring of 1996.

## **COMMISSION APPROVES PRICING FLEXIBILITY MECHANISM FOR BANGOR HYDRO**

In February of 1995, the Commission approved a pricing flexibility mechanism known as the Alternative Marketing Plan (AMP) for the Bangor Hydro-Electric Company. The AMP provides Bangor Hydro with substantial pricing flexibility in order to give the Company an improved opportunity to compete successfully. The AMP also includes a variety of safeguards designed to protect Bangor Hydro's customers from risks relating to the Company's pricing flexibility.

In the Commission's February 14, 1995 AMP Order, the Commission approved a 10% "revenue delta" cap that limits the potential revenue losses from negotiated price reductions; began a proceeding to develop a "rate cap" or "stayout" for Bangor Hydro; waived the requirements of the fuel adjustment clause without requiring a change in rates; and permitted Bangor Hydro to create a "regulatory asset" for the costs of any buyout or buydown of a contract with a Qualifying Facility and to amortize those costs over the shorter of the remaining life of the contract or 10 years.

The Commission has processed 11 pricing flexibility proposals that Bangor Hydro has filed under the AMP during 1995. Special rates or tariffs currently in effect under the Bangor Hydro AMP include load retention rates for residential and commercial electric space heat load and individual contracts with certain commercial and industrial customers.

The Commission will decide early this year whether Bangor Hydro should be subject to a rate plan similar to the plans adopted for CMP and MPS.

## **COMMISSION APPROVES BANGOR HYDRO'S REQUEST TO BUY OUT TWO ULTRAPOWER FACILITIES**

On March 31, 1995, Bangor Hydro filed a petition for approval of an electric rate stabilization project under 35-A M.R.S.A § 3156. The proposed electric rate stabilization project consisted of two parallel agreements between Bangor Hydro and Babcock-Ultrapower West Enfield and Babcock-Ultrapower Jonesboro.

After public witness hearings in West Enfield and Jonesboro on April 24 and an additional evidentiary hearing in Augusta on April 26, the Commission issued an Order on May 1 in which it found that Bangor Hydro's proposed rate stabilization project satisfied the requirements of § 3156. Among the Commission's findings were that:

- The agreements will provide near-term benefits to Bangor Hydro ratepayers that will be reflected in rates paid by Bangor Hydro customers;
- Potential future adverse rate impacts associated with the agreement are not likely to be disproportionate to near-term gains;
- The agreements do not have as a necessary or probable consequence the permanent cessation of the operations of a qualifying facility with a capacity of more than 50 megawatts;
- The agreements are consistent with 35-A M.R.S.A § 3191; and
- The agreements will not adversely impact the availability of a diverse and reliable mix of electric energy resources and will not significantly reduce the long-term energy or capacity resources available to Bangor Hydro and needed to meet future electric demand.

## **COMMISSION PROCESSES SEVERAL CASES RELATING TO CMP'S ALTERNATIVE RATE PLAN**

In January 1995, the Commission adopted an Alternative Rate Plan (ARP) for Central Maine Power Company (CMP). The details of CMP's ARP were discussed in last year's annual report. Since our adoption of an ARP for CMP, the Commission has conducted a variety of ARP-related proceedings.

The CMP ARP grants CMP considerable flexibility regarding the pricing of its services. A set of criteria and an expedited process have been established under the ARP to review and evaluate filings; the rates go into effect automatically if they meet the established criteria. The Commission has processed 23 pricing flexibility filings for CMP pursuant to the provisions of the ARP. The Commission has allowed a number of those filings to go into effect during 1995. Special rate contracts or tariff proposals filed under the CMP ARP's pricing flexibility provisions included discounts for many of CMP's large industrial customers, a Diesel Deferral rate, an Economic Development rate, an Electric Residential Space Heat Sale rate, and a Commercial Space Heat Retention rate.

On June 22, 1995, the Commission issued an Order approving the first annual price change under the CMP ARP. That Order authorized a 2.43% increase in the price caps for all customer classes; that increase compares to the ARP-calculated inflation rate of 2.92% for 1994.

On November 15, 1995, the Commission adopted a demand-side management (DSM) performance target for CMP of 36 million kilowatt-hours for 1996. The CMP ARP requires that CMP file, on April 1st of each year, a proposed DSM performance target for the next year, to ensure that the Company engages in least-cost planning and demand-side management that is consistent with State energy policy during the term of the ARP. In addition to establishing the target, the Commission's Order allows CMP considerable discretion and flexibility to develop its plan to achieve the established DSM performance target.

## **COMMISSION COORDINATES REPORT TO LEGISLATURE ON ENERGY AND THE ENVIRONMENT**

P.&S.L. 1993, Chapter 80 created a study group consisting of the Chairman of the PUC, the Director of the State Planning Office, and the Commissioner of Environmental Protection to consider the environmental impact and regulations relating to the major sources of energy in Maine. Chapter 80 directed the study group to submit a final report to the Joint Standing Committee on Utilities and Energy on or before January 1, 1996.

On December 29, 1995, the Commission submitted a 142-page final report that contains the conclusions of the work group and a menu of policy options. The final report also includes a discussion of the externalities literature that is available through the Commission's library and a detailed summary of energy resource information.

## **COMMISSION CONDUCTS COMPREHENSIVE INVENTORY OF ITS RULES**

On January 5, 1995, the Governor issued Executive Order #6 that required all State agencies to undertake an inventory of their administrative rules. In response to Executive Order #6, the Commission conducted a comprehensive review of its 56 rules and on January 2, 1996, submitted a 113-page summary of its findings.

Through its inventory, the Commission determined that five current rules were no longer necessary and should be repealed. The Commission also identified three current rules that have either expired pursuant to their own terms or have been superseded by subsequent statutory changes. In addition, the Commission identified 21 rules that need to be amended for a variety of reasons.

The Commission found the inventory process to be a useful exercise. While the inventory consumed Commission resources, and the proposed changes to the Commission's rules will be time consuming, the Commission believes that the effort is worthwhile and that once implemented, the changes discussed in the final report will make the Commission's rules more current and easier to understand.

**CONSUMER ASSISTANCE DIVISION  
YEAR IN REVIEW**



## **CONSUMER ASSISTANCE DIVISION 1995 IN REVIEW**

The Consumer Assistance Division (CAD) is charged with ensuring that consumers and utilities receive fair and equitable service through Commission educational and complaint resolution programs. As part of this mission, CAD is responsible for responding to information requests, resolving complaints, negotiating payment arrangements, assessing utility compliance with applicable statutes and PUC rules, and screening requests from utilities seeking to disconnect gas or electric service in the winter.

This section presents information on CAD activities in 1995, and the reasons for changes in activity levels. It also summarizes actions taken during the year to address specific complaints and resolve underlying problems.

CAD handled 8,442 consumer contacts in 1995, which is an increase of 58% from the 1994 total of 5,346. These contacts included 7,069 information requests, up 70% from 4,157 in 1994, and 1,373 complaints, up 15% from 1,189 in 1994. In addition, the Division received eight requests for exemption from PUC consumer-assistance rules during 1995, and handled 1539 requests for permission to disconnect gas and electric customers in the winter of 1994-95 under the Commission's winter disconnection rule.

The 70% increase in information requests is likely due to several factors. It appears to be part of a trend that has been evident for several years, as seen in Figure I on page 15. This trend may continue as consumers encounter the changes associated with increasing competition for Maine's utility business.

The increase in informational contacts was also driven by questions and concerns surrounding estimated billing programs operated by CMP and Bangor Hydro and to changes in the composition of local calling areas in many communities.

Some of the increase in informational contacts is also due to a change in the call answering procedures in the Consumer Assistance Division. This change has resulted in a greater number of calls being answered "live," which has increased the number of calls received from customers who are actually trying to reach their utility, but who mistakenly call the PUC 1-800 number instead. We are actively seeking ways to ensure that customers call the party they want.



The 15% increase in total residential and business consumer complaints in 1995 was driven, in part, by an increase in Bangor Hydro complaints (up 150% from 1994) and NYNEX complaints (up 23% from 1994). This increase in total complaints came in spite of a decrease in CMP complaints (down 14% from 1994), and despite CAD's continued efforts to provide consumers with the information they need to resolve problems directly with their utilities. Only after the consumer has tried to resolve their complaint with utility staff will CAD accept a complaint.

As seen in Figure II on page 16, the vast majority of complaints (91%) continued to be against electric and phone utilities. More than half of all complaints, as shown in Figure III on page 16, were related to actual or threatened disconnection, and a third were related to billing problems.

As a result of complaint investigations completed in 1995, the Division issued 108 decisions ordering more than \$38,000 in overcharges be returned to consumers. Individual CAD complaint decisions also led utilities to return similar overcharges to other affected customers.

Consumers appealed 45 CAD decisions to the Commission in 1995, up from 36 in 1994. Two appeals were filed by utilities. When combined with the 29 appeals pending from 1994, there were 76 appeals under review.

CAD launched 71 investigations into possible violations of PUC consumer protection rules in 1995, but issued only five citations. This is down from the 11 citations issued in 1994. The decrease is attributable to CAD and utility efforts to prevent problems from occurring in the first place. Some investigations begun in 1995 are still open, pending the outcome of these cooperative approaches.

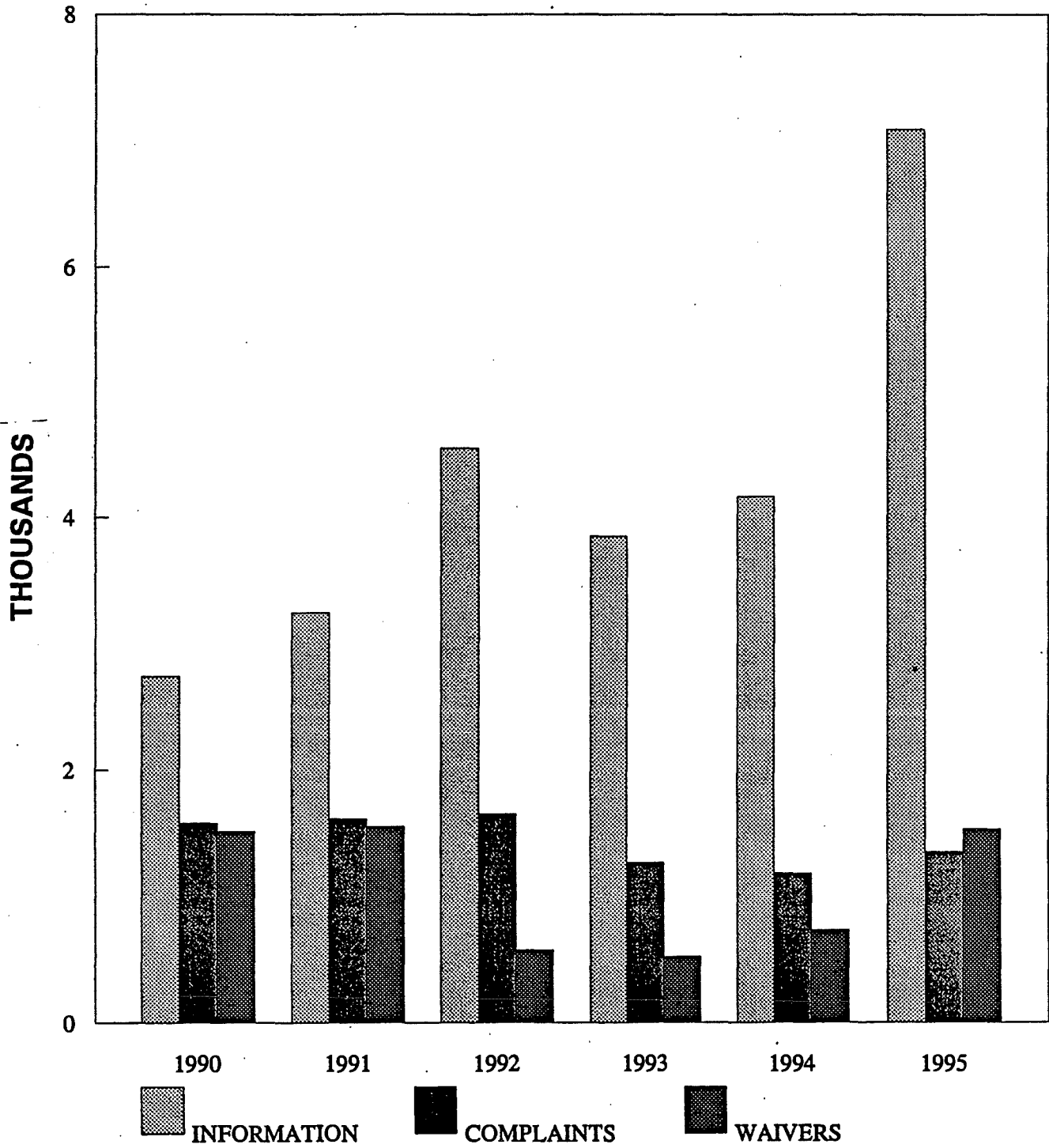
Several potentially widespread problems were identified as a result of complaints submitted by consumers during 1995. Consumer complaints about the CMP and Bangor Hydro estimated billing programs led to several program modifications to correct for overbilling. CMP has since terminated its estimated billing program. Consumer complaints also led to the investigation of Excel Telecommunications' rates and marketing practices in Maine.

CAD received 1539 requests from utilities to disconnect customers from electric or gas service during the winter of 1994-95. This is a 110% increase in requests over the previous winter. Much of this increase is due to a higher (by 117%) number of requests by CMP.

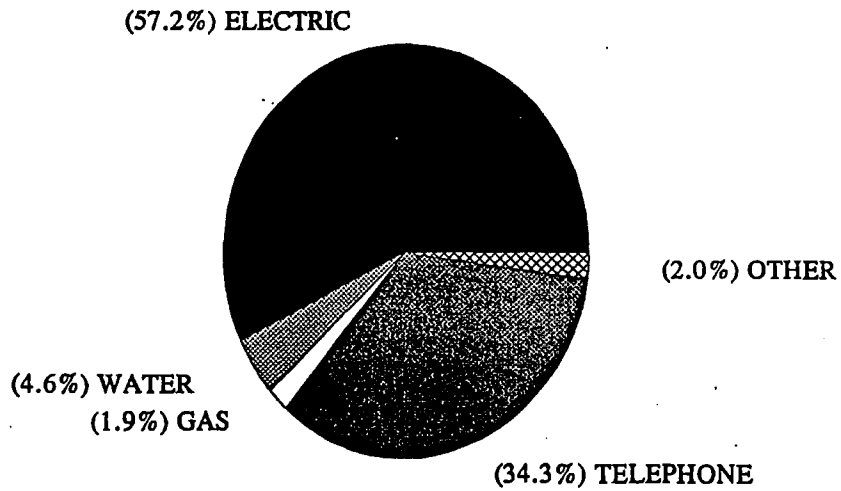
During 1995, CAD continued efforts to prevent problems from occurring in the first place, thereby minimizing consumer complaints. CAD continued to work on teams with CMP and NYNEX to identify sources of potential problems, and address them in a proactive manner. CAD also installed an electronic data link between the

CAD and CMP computer systems to allow CAD direct access to customer data necessary to work individual consumer complaints, thereby reducing the time and expense of mailing this information. These CAD-utility team efforts are ongoing and further progress is expected.

# CAD CONTACTS 1990-1995

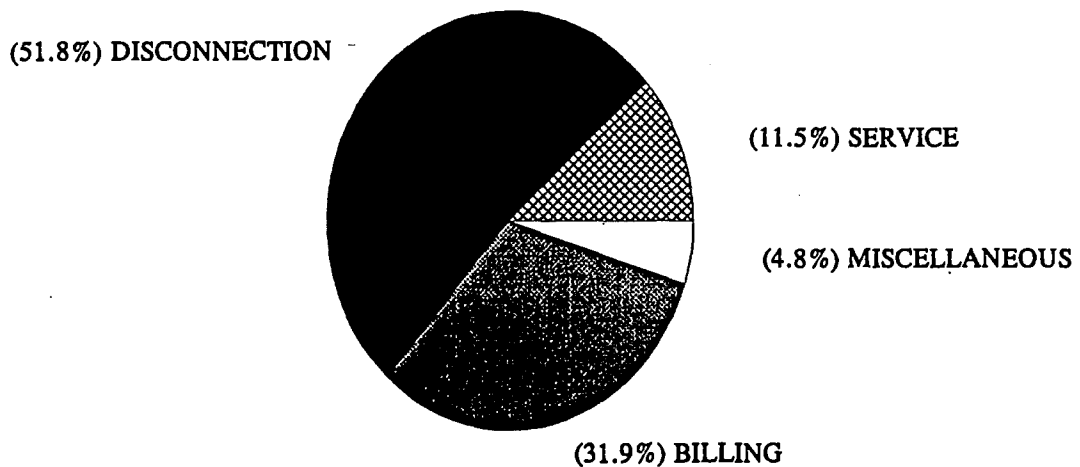


### CLOSED COMPLAINTS - 1995 UTILITY TYPE



CAD FIGURE III

### CLOSED COMPLAINTS - 1995 COMPLAINT CATEGORIES





# ATTACHMENTS



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## SUMMARY OF FISCAL INFORMATION

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The Public Utilities Commission is required by 35-A M.R.S.A. § 120 to report annually to the Joint Standing Committee on Utilities and Energy on its planned expenditures for the year and on its use of funds in the previous year. This section of the report fulfills this statutory requirement and provides additional information regarding the Commission's budget.

The Commission had one source of funding in FY95, a Regulatory Fund of \$4,918,000. The Regulatory Fund is raised through an assessment on utilities pursuant to 35-A M.R.S.A. § 116. The assessment process is described in Section 4 of this section.

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

The Commission was authorized 69 full-time positions in FY95.

### 1. Fiscal Year 95

In FY 95, the Commission expended approximately \$4.8 million regulating more than 200 utilities with gross revenues exceeding \$1.59 billion. Attachment 2 summarizes Regulatory Fund activity and activity in other funds administered by the Commission. Attachment 3 details FY95 expenditures by line category.

#### Regulatory Fund

The authorized Regulatory Fund assessment for FY95 was \$4,590,198.<sup>1</sup> In addition to the assessment, an unencumbered balance of \$1,028,117 and

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<sup>1</sup>Pursuant to 35-A M.R.S.A. § 116(5), balances up to 5% of the Regulatory Fund may be brought to the next fiscal year. Any amount over 5% must be reallocated by the Legislature or used to reduce the utility assessment in the following year.



encumbrances of \$188,207 were brought forward from FY94. \$4,778,117 was expended. Expenditure details are presented in Attachment 3. \$50,000 was transferred to the General Fund. An encumbered balance of \$91,373 and an unencumbered balance of \$887,000 was brought forward to FY96. The encumbered balances generally represent ongoing contracts for consulting services.

#### Filing Fees

In FY 95, no filing fees were received and no expenditures were made. Filing fees were waived as requested by Central Maine Power Company in Dockets 95-239, 95-261 and 95-429 as well as for Houlton Water Company in Docket 94-476.

#### Miscellaneous Reimbursements

Miscellaneous reimbursements consist of funds received for copies of documents such as monthly dockets, agenda and decisions and for other miscellaneous items. \$745 was brought forward from FY94. An additional \$15,576 was received during FY95. \$14,914 was expended and an unencumbered balance of \$1,407 was brought forward to be expended during FY96. In FY95, no fines were collected by the Commission.

#### 2. Fiscal Year 96

Attachment 4 details the Commission's FY96 Regulatory Fund budget. Encumbered and unencumbered balances brought forward from FY95 are included. The right hand column represents the total funds available to the Commission in FY96 by account and line category.

#### 3. The Budget in Perspective

Attachment 3 details the Commission's Regulatory Fund budget for a four-year period. The two left hand columns include amounts actually expended in FY94 and FY95. Column three contains the FY96 expenditure plan. Column four contains the FY97 Budget.

#### 4. The Regulatory Fund Assessment in Perspective

Attachment 5 details the Regulatory Fund assessment since FY80. Annual Reports filed by the utilities with the Commission include revenues for the previous year ending December 31. Calculations are made to determine what percentage of the total reported revenues will provide the amount authorized by statute. The factor derived that will raise the authorized amount



is applied against the reported revenues of each utility. Pursuant to 35-A M.R.S.A. § 116, on May 1 of each year an assessment is mailed to each utility regulated by the Commission. The assessments are due on July 1. Funds derived from this assessment are for use during the fiscal year beginning on the same date.

**5. Management Audits**

35-A M.R.S.A. § 113 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 of 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; and
- (4) Any other consideration which the Commission finds relevant to rate setting under Chapter 3, sections 301 and 303.

Section 113 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 113 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.

In FY95 no management audits were ordered by the Commission pursuant to Section 113.



## PUC FUND ACTIVITY BY ACCOUNT FOR FY 1995

ACCOUNT NAME	AMOUNT
-----	
REGULATORY FUND	
-----	
UNENCUMBERED BALANCE BROUGHT FORWARD FROM FY 94	1,028,117
ENCUMBERED BALANCE BROUGHT FORWARD FROM FY 94	188,207
FUNDS RECEIVED DURING FY 95	4,590,166
LESS EXPENDED DURING FY 95	4,778,117
LESS TRANSFERRED TO GENERAL FUND BY LEGISLATURE	50,000
ENCUMBERED BALANCE BROUGHT FORWARD TO FY 96	91,373
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 96	887,000
REIMBURSEMENT FUND	
-----	
FILING FEES	
UNENCUMBERED BALANCE BROUGHT FORWARD FROM FY 94	0
ENCUMBERANCES BROUGHT FORWARD FROM FY 94	0
FUNDS RECEIVED DURING FY 95	0
LESS EXPENDED DURING FY 95	0
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 96	0
MISC. REIMBURSEMENTS	
UNENCUMBERED BALANCE BROUGHT FORWARD FROM FY 94	745
FUNDS RECEIVED DURING FY 95	15,576
LESS EXPENDED DURING FY 95	14,914
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 96	1,407





## PUC BUDGET IN PERSPECTIVE

	FY94 EXPENDED	FY95 EXPENDED	FY96 WORKPLAN	FY97 BUDGET
<b>REGULATORY FUND</b>				
POSITIONS	(69)	(69)	(69)	(69)
PERSONAL SERVICES	3,204,628	3,459,852	4,037,305	4,034,830
CONSULTANTS	518,066	416,991	357,677 *1	280,500
ALL OTHER	570,394	805,479	1,482,334 *2	596,370
CAPITAL	37,652	95,794	19,057 *3	6,300
<b>TOTAL</b>	<b>4,330,740</b>	<b>4,778,116</b>	<b>5,896,373</b>	<b>4,918,000</b>
<b>REIMBURSEMENT FUND</b>				
FILING FEES	5,900	0	0	0
MISC. REIMBURSEMENT	11,032	14,915	1,407 *4	0
<b>TOTAL ALL RESOURCES</b>	<b>4,347,672</b>	<b>4,793,031</b>	<b>5,897,780</b>	<b>4,918,000</b>

\*1 ENCUMBERED BALANCE OF \$77,177 WAS BROUGHT FORWARD FROM FY 95.

\*2 ALL OTHER WAS INCREASED BY AN ENCUMBERED BALANCE OF \$8,249  
AND AN UNENCUMBERED BALANCE OF \$887,000 BROUGHT FORWARD FROM FY 95.

\*3 CAPITAL WAS INCREASED BY AN ENCUMBERED BALANCE OF \$5,947 BROUGHT  
FORWARD FROM FY 95.

\*4 UNENCUMBERED BALANCE FORWARD FROM FY 95 OF \$1,407.



Attachment 4

FY 96 BUDGET & ADJUSTMENTS

	BUDGET	ADJUSTMT	ADJUSTED BUDGET
<b>REGULATORY FUND</b>			
POSITIONS	(69)	(0)	(69)
PERSONAL SERVICES	4,037,305	0	4,037,305
CONSULTING	280,500	77,177 *1	357,677
ALL OTHER	587,085	895,249 *2	1,482,334
CAPITAL	13,110	5,947 *3	19,057
<b>TOTAL</b>	<b>4,918,000</b>	<b>978,373</b>	<b>5,896,373</b>
<b>CAPITAL</b>			
	0	0	0
<b>REIMBURSEMENT FUND</b>			
FILING FEES	0	0	0
MISC. REIMBURSEMENT	0	1,407 *4	1,407
<b>GRAND TOTAL</b>	<b>4,918,000</b>	<b>979,780</b>	<b>5,897,780</b>

\*1 ENCUMBERED BALANCE OF \$77,177 FOR CONSULTING CONTRACTS.  
BROUGHT FORWARD FROM FY 95.

\*2 ADD ENCUMBERED BALANCE FORWARD OF \$8,249 FOR COMPUTER PURCHASES  
AND AN UNENCUMBERED BALANCE FORWARD OF \$887,000 BROUGHT FORWARD  
FROM FY 95.

\*3 ENCUMBERED CAPITAL OF \$5,947 BROUGHT FORWARD FROM FY 95.

\*4 UNENCUMBERED BALANCE FORWARD OF \$1,407 FROM FY 95.



## Assessment Detail

For Use in FY	Mailing Date/ Due Date	\$ Annual Revenues Electric	\$ Telecom.	\$ Water	\$ Gas	\$ Water Carriers	\$ Total Revenues (Utilities)	\$ Assessment Factor	\$ Net Amount Assessed by PUC	\$ Gross Assessment
FY 1980	11/79-01/01/80 <sup>1</sup>	186,278,293	139,683,694	24,086,603	6,749,736		356,798,326	.00021	74,816 (Nearest \$10)	75,000
FY 1981	05/80-07/01/80	206,762,413	153,652,974	25,465,331	7,374,962		393,255,630	.000381	149,830 (Nearest \$10)	150,000
FY 1982	05/81-07/01/81	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
FY 1986	05/85-07/01/85	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	.002092053	1,893,914 (Nearest \$1)	1,894,000
FY 1986	05/85-07/01/85	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	.0002762359	249,999 (Nearest \$1)	250,000
FY 1987	05/86-07/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.0019916011	1,938,997 (Nearest \$1)	1,939,000
FY 1987	05/86-07/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.0002568575	249,993 (Nearest \$1)	250,000
FY 1987	11/86-12/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.00014388701	139,999 (Nearest \$1)	140,000
FY 1988	05/87-07/01/87	645,757,051	275,047,659	45,215,835	17,911,730	936,922	984,869,197	.002253091	2,219,000 (Nearest \$1)	2,219,000
FY 1989	05/88-07/01/88	721,684,049	286,419,434	48,176,192	17,744,522	1,035,357	1,075,059,544	.002148	2,309,000 (Nearest \$1)	2,309,000
FY 1989	09/19/88-11/21/88	721,684,049	286,419,434	48,176,192	17,744,522	1,035,357	1,075,059,554	.0000716949	77,000 (Nearest \$1)	77,000
FY 1990	05/01/89-07/01/89	783,537,776	312,154,685	50,659,705	18,555,805	1,214,007	1,166,121,978 <sup>1</sup>	.002266354	2,642,845 (Nearest \$1) <sup>2</sup>	2,696,000
FY 1990	05/26/89-07/01/89		312,154,685				312,154,685 <sup>1</sup>	.000144158	45,000 (Nearest \$1)	45,000
FY 1991	05/01/90-07/01/90	837,377,145	349,185,418	52,855,076	21,928,319	1,536,596	1,262,883,554 <sup>1</sup>	.00219111	2,767,117 (Nearest \$1) <sup>3</sup>	2,910,000
FY 1991	03/13/91-04/22/91	837,377,145	349,185,418	52,855,076	21,928,319	1,536,596	1,262,883,554 <sup>1</sup>	.00037058	468,000 (Nearest \$1)	468,000
FY 1992	05/01/91-07/01/91	927,601,155	358,682,900	58,784,656	26,182,164	1,537,296	1,372,788,171 <sup>1</sup>	.002445819	3,352,662 (Nearest \$1) <sup>4</sup>	3,378,000
FY 1992	10/01/91-11/29/91	927,601,155	358,682,900	58,784,656	26,182,164	1,537,296	1,372,788,171 <sup>1</sup>	.00066091172	907,323 (Nearest \$1) <sup>5</sup>	1,095,000
FY 1993	05/01/92-07/01/92	1,052,609,125	343,341,527	64,223,522	24,997,942	1,569,023	1,486,741,139 <sup>1</sup>	.002847710	4,233,807 (Nearest \$1) <sup>6</sup>	4,918,000
FY 1994	05/01/93-07/01/93	1,064,245,073	354,876,542	68,315,387	28,108,038	1,919,595	1,517,464,635 <sup>1</sup>	.00280583672	4,257,758 (Nearest \$1) <sup>7</sup>	4,918,000
FY 1995	05/01/94-07/01/94	1,097,614,456	371,037,052	74,793,749	30,505,910	1,284,905	1,575,236,072	.002913975	4,590,108 (Nearest \$1)	4,918,000
FY 1996	05/01/95-07/01/95	1,093,553,536	384,936,867	81,529,938	32,091,988	1,697,223	1,593,809,552	.003085689	4,918,000 (Nearest \$1)	4,918,000

<sup>1</sup> Does not include utilities with revenues less than \$50,000 per year.

<sup>2</sup> Assessment was reduced by \$53,155 which was available from the balance remaining in FY88.

<sup>3</sup> Assessment was reduced by \$142,883 which was available from the balance remaining in FY89.

<sup>4</sup> Assessment was reduced by \$25,338. \$5,045 for communications utilities, \$1,101 for Facilities Fund, and \$19,192 from Regulatory Fund balance forward from FY90.

<sup>5</sup> Assessment was reduced by \$187,677 which was available due to furlough days offsetting projected 7% increase in Personal Services.

<sup>6</sup> Assessment was reduced by \$373,517 available from the balance remaining in FY 91 and 310,676 which was available due to furlough days offsetting projected 7% cost of living increase and to 4% cost of living increase budgeted but not granted.

<sup>7</sup> Assessment was reduced by \$317,543 which was available from the balance remaining in FY92.



## SUMMARY OF CASELOAD INFORMATION

There were 247 cases pending on the Commission's docket at the end of calendar year 1994.<sup>1</sup> New cases docketed for 1995 totaled 505. Cases closed during 1995 included 175 of the 247 pre-1995 cases and 421 of the 505 new cases. 156 cases remained on the Commission's docket at the end of the 1995 calendar year. Thus, in 1995, the Commission closed 596 cases.

Attachment 7 provides an historical summary of cases docketed, by utility group, for the years 1988 through 1995. Attachment 7 also identifies the number of rulemakings and investigations conducted by the Commission during that period of time.

Attachment 8 is a table of information relating to the 505 cases docketed in 1995. Attachment 8 identifies the types of cases filed, and the type of utility that made the filing during 1995. Attachment 8 uses many terms that may be unfamiliar to the reader. Attachment 12 contains a discussion of many of the terms used in Attachment 8 and includes corresponding reference to Statute and Commission rules.

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<sup>1</sup>All references in this section are to calendar year(s) unless otherwise noted





	<u>Electric</u>	<u>Communications</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>
1988 CASE SUMMARY										
Cases Docketed in 1988	76	121	5	104	3	15	10	5	9	348
Cases Decided in 1988	61	108	5	92	2	20	5	5	2	300
Cases Pending 12/31/88	40	46	3	33	1	6	11	0	7	147
1989 CASE SUMMARY										
Cases Docketed in 1989	87	173	6	137	14	4	8	3	8	440
Cases Decided in 1989	99	152	4	145	12	6	3	3	15	439
Cases Pending 12/31/89	28	67	5	25	3	4	16	0	0	148
1990 CASE SUMMARY										
Cases Docketed in 1990	83	117	8	107	8	3	7	1	7	341
Cases Decided in 1990	79	118	8	105	9	4	4	1	7	335
Cases Pending 12/31/90	32	66	5	27	2	3	19	0	0	154
1991 CASE SUMMARY										
Cases Docketed in 1991	79	163	6	90	11	3	6	3	0	361
Cases Decided in 1991	75	161	7	83	7	4	6	3	0	346
Cases Pending 12/31/91	36	68	4	34	6	2	19	0	0	169

HISTORICAL BREAKDOWN OF  
CASES FILED (FY88-FY95)

Attachment 7  
(Page 1 of 2)



	<u>Electric</u>	<u>Communications</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>
1992 CASE SUMMARY										
Cases Docketed in 1992	100	136	3	93	7	2	12	2	1	356
Cases Decided in 1992	89	131	4	82	10	3	5	2	1	327
Cases Pending 12/31/92	47	73	3	45	3	1	26	0	0	198
1993 CASE SUMMARY										
Cases Docketed in 1993	78	168	4	86	5	6	12	2	2	363
Cases Decided in 1993	69	153	5	102	5	6	5	2	1	348
Cases Pending 12/31/93	56	88	2	29	3	1	33	0	1	213
1994 CASE SUMMARY										
Cases Docketed in 1994	104	238	3	105	3	2	15	3	5	478
Cases Decided in 1994	109	185	4	100	5	2	30	3	6	444
Cases Pending in 1994	51	141	1	34	1	1	18	0	0	247
1995 CASE SUMMARY										
Cases Docketed in 1995	113	296	9	69	2	2	8	4	0	505
Cases Decided in 1995	128	373	6	79	2	2	8	4	2	596
Cases Pending	36	73	5	25	1	2	15	0	0	156



Type	Electric	Gas	Communication	Water	Water Carrier	Others	Comm. Initiated	Totals
Rates - Limited	21		207	18	1			247
Rates - Water District (§6104)				15				15
Securities Issues (§902)	3	1	3	22				29
Sell, Lease or Mortgage of Property (§1101 et seq.)	3			3				6
Agreement/Contracts (§703)	18	1	26					45
Reorganizations/Affiliated Interests (§707 & §708)	6	4	6	1				17
Commission Rulemakings (§111)						2		2
Commission Investigations (§1303)	6		1	1				8
Commission Delegations (§107)	3				1			4
Advisory Rulings (Chapter 110, Part 6)			1					1
Ten-Person Complaints (§1302)	3		4	1				8
Cogeneration & Small Power Production (Chapter 36)	1							1
Demand Side Energy Management (Chapter 380)	1							1
Public Convenience and Necessity (§2102 et seq.)			43					43
Exemptions/Waivers - (Chapters 110 & 120)	5		5	3				13
Cost of Fuel Adjustments (§3101)	1							1
Limited Service Agreement (Chapter 620)				4				4
Cost of Gas Adjustments (§4703)		3						3
Construction Transmission Line (§3132)	1							1
Purchase and Sale Power (§3133 & 3133A)	3							3
Abandonment of Service (§1104)				2				2
Service Territory Divisions (§2105)	1		1					2
Electric Rate Stabilization Certificate (§3156)	1							1
Authority to Promote Electric Utility Efficiency (§3195)	43							43
Regulation of Ferries in Casco Bay (5101(E))					1			1
Others	2					2		4
Totals	122	9	297	70	3	4	0	505



## SUMMARY OF RATE CASE DECISIONS

During the calendar year 1995, the Commission did not process any general electric utility general rate cases under Sections 307 or 3502. However, 43 electric cases were filed pursuant to Section 3195, which authorizes the Commission to promote electric utility efficiency and pricing flexibility. A discussion of these pricing flexibility cases appears at pages 7, 8 and 10 of this report.

No telephone utility requested a rate change pursuant to Section 307 during 1995. However, the Commission conducted an investigation of NYNEX's rates in the Pease Case, Docket No. 94-254, which is discussed at page 4 of this report.

The Commission processed eight rate cases filed by investor-owned water utilities pursuant to § 307 in 1995. Consumer-owned water utilities initiated 19 rate cases pursuant to § 6104. Of those 19 § 6104 cases, seven were suspended by the Commission because of customer petitions or procedural errors by the utilities. Details regarding water utility rate cases for 1995 are summarized in Attachment 10.





MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES  
 RATE CASES PURSUANT TO §6104  
 COMPLETED IN 1995

01/11/96

Docket No.	Utility	Increase		%	Effective
		Proposed Revenue	over Prior Year		
94-385	NORWAY WATER DISTRICT	\$295,373	\$43,040	17.06%	2/1/95
95-012	BELFAST WATER DISTRICT	\$604,800	\$128,619	27.01%	5/1/95
95-014	CASTINE WATER DEPARTMENT	\$249,323	\$113,169	83.12%	4/1/95
95-059	NEWPORT WATER DISTRICT	\$315,532	\$114,805	57.19%	5/1/95
95-134	NORTH JAY WATER DISTRICT	\$122,193	\$10,197	9.10%	7/1/95
95-135	KITTERY WATER DISTRICT	\$2,179,648	\$368,897	20.37%	7/1/95
95-140	RANGELEY WATER DISTRICT	\$207,262	\$70,762	51.84%	7/1/95 & 2/28/96
95-180	MILO WATER DISTRICT	\$312,720	\$132,585	73.60%	1/1/96
95-237	EAST BOOTHBAY WATER DISTRICT	\$185,722	\$25,568	15.96%	10/1/95
95-246	CALAIS WATER DEPARTMENT	\$400,000	\$80,067	25.03%	10/1/95
95-336	BREWER WATER DISTRICT	\$1,385,963	\$276,599	24.93%	12/1/95
95-381	NORTH BERWICK WATER DISTRICT	\$358,083	\$158,735	79.63%	12/31/95

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WATER UTILITY RATE CASES (SECTION 0104)



MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES  
 RATE CASES FILED PURSUANT TO §6104 THAT WERE SUSPENDED AS A RESULT OF CUSTOMER PETITIONS OR PROCEDURAL ERRORS  
 FILED OR COMPLETED IN 1995

01/11/96

Docket No.	Utility	Date Filed	Proposed Revenue	Allowed Revenues	Allowed Increase	% Increase	Effective Date
94-245	CANTON WATER DISTRICT*	7/5/94	\$78,541	\$70,382	\$8,491	13.70%	CLOSING
94-354	STONINGTON WATER COMPANY*	10/6/94	\$88,568	\$87,475	\$15,107	20.88%	8/17/95
95-017	PATTEN WATER DEPARTMENT*	3/2/95	\$100,736	\$100,736	\$11,154	12.45%	11/10/95
95-091	KENNEBEC WATER DISTRICT*	4/24/95	NOT COMPLETED	NOT COMPLETED	NOT COMPLETED	NOT COMPLETED	NOT COMPLETED
95-233	JACKMAN WATER DISTRICT***	8/10/95	\$121,722	\$121,722	\$68,989	56.68%	9/10/95
95-253	HARRISON WATER DISTRICT***	9/7/95	\$119,448	\$119,448	\$22,111	22.72%	10/16/95
95-375	SEARSPORT WATER DISTRICT*	11/22/95					

\*\*\*FAILED DUE TO PROCEDURAL ERRORS BY DISTRICT  
 \* FAILED DUE TO CUSTOMER PETITION

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WATER UTILITY RATE CASES (Section 6104, suspended)



INVESTOR OWNED WATER UTILITIES AND WATER DISTRICT  
 RATE CASES PURSUANT TO §307  
 COMPLETED IN 1995

01/11/96

Docket No.	Utility	Date Filed	Proposed Revenue	Allowed Revenues	Allowed Increase	% Increase	Effective Date	Test Year Return	Requested Return	Allowed Return
94-381	MACHIAS WATER COMPANY	11/1/94	\$157,123	\$158,525	\$14,322	10.07%	5/15/95	4.91%	10.13%	10.130%
94-437	SEAL HARBOR WATER COMPANY	12/9/94	\$224,149	\$220,737	\$95,240	75.90%	5/15/95	2.93%	10.83%	10.550%
94-358	CAMDEN & ROCKLAND DIVISION CMWC	12/28/94	\$3,820,818	\$3,545,861	\$336,800	10.05%	6/1/95	N/A	10.45%	10.080%
94-358	KEZAR FALLS DIVISION CMWC	12/28/94	\$190,825	\$192,553	\$52,800	37.80%	6/1/95	N/A	10.45%	10.080%
94-358	OAKLAND DIVISION CMWC	12/28/94	\$804,071	\$808,956	\$360,700	148.50%	6/1/95	N/A	10.45%	10.080%
94-358	SKOWHEGAN DIVISION CMWC	12/28/94	\$903,746	\$837,542	\$139,100	19.90%	6/1/95	N/A	10.45%	10.080%
94-246	FARMINGTON FALLS WATER COMPANY	1/3/95	\$8,495	\$7,870	\$2,186	38.40%	8/30/95	N/A	N/A	N/A
94-472	NORTHEAST HARBOR WATER COMPANY	12/30/94	\$217,314	\$214,139	\$72,552	51.20%	8/24/95	1.46%	10.83%	10.600%

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WALTON CAPITAL AND WATER UTILITIES DISTRICT



Days of Hearings held in 1995

Public Utilities Commission, Investigation Into Regulatory Alternatives for the New England Telephone & Telegraph Company d/b/a NYNEX Docket No. 94-123	
Frederic A. Pease et al. v. New England Telephone Company, Complaint Requesting Commission Investigation of the Level of Revenues Begin Earned by New England Telephone and Determination of Whether Toll and Local Rates Should be Reduced Docket No. 94-254	8
Other than major cases	<u>67</u>
TOTAL	75





**LIST OF COMMONLY USED TERMS AND CORRESPONDING REFERENCES  
TO STATUTE AND COMMISSION RULES**

<u>TERM</u>	<u>APPLICABLE RULE OR STATUTE</u>
Abandonment of Service	Pursuant to Section 1104 <sup>1</sup> , no public utility may abandon all or part of its plan, property or system necessary or useful in the performance of its duties to the public, or discontinue the service which it is providing to the public by the use of such facilities, without first securing the Commission's approval.
Advisory Rulings	Chapter 110, Part 6 of the Commission's Rules provides 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
Agreements/ Contracts	Pursuant to Section 703, the Commission must approve special contracts between utilities and customers.
Approval to Furnish Service	Pursuant to Sections 2102, <u>et seq.</u> , a utility 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.
Authority to Promote Electric Utility Efficiency	Pursuant to Section 3195 of the Commission's Rules, the Commission may establish or authorize any reasonable rate-adjustment mechanisms to promote efficiency in electric utility operations and least-cost planning.
Authority to Serve Casco Bay	Pursuant to Section 5101, <u>et seq.</u> provision of water carrier service in Casco Bay requires Commission approval.

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<sup>1</sup>Unless otherwise noted, all references in these explanations are to Sections of Title 35-A of the Maine Revised Statutes



<b>Certificates of Approval (Rate Stabilization Agreement)</b>	Pursuant to Section 3156, the Commission may issue a certificate of approval for an electric rate stabilization agreement, following submission to it of an application for approval, in the form and with any supporting data as the Commission may require.
<b>Cogeneration &amp; Small Power Production</b>	Chapter 36 of the Commission's Rules establishes the principles and procedures used by the Commission in setting rates for purchases of electricity from small power production facilities and cogenerators.
<b>Commission Delegations</b>	Pursuant to Section 107, the Commission may delegate to its staff certain duties in order to more efficiently accomplish the purposes of the Commission.
<b>Commission Investigations</b>	Section 1303 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.
<b>Commission Rulemakings</b>	Section 111 authorizes the Commission to promulgate all necessary rules.
<b>Construction of Transmission Line</b>	Pursuant to Section 3132, construction of generating facilities and transmission lines are prohibited without Commission approval.
<b>Cost of Fuel Adjustments</b>	Section 3101 and Chapters 34 and 36 of the Commission's Rules require 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 1303 investigation. Concurrent with the filing of cost of fuel adjustments, the electric utility must file short-term avoided costs (for periods less than one year).
<b>Cost of Gas Adjustments</b>	Pursuant to Section 4703, 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.



<b>Demand Side Energy Management</b>	Chapter 380 of the Commission's Rules provides standard of cost effectiveness, rate impact, and societal impact for electric utility demand side energy management programs.
<b>Exemptions/Waivers</b>	Pursuant to Chapters 110 and 120 of the Commission Rules, the Commission may grant exemptions or waivers from certain of the Commission's rules.
<b>Limited Service Agreements</b>	Chapter 620 of the Commission's Rules requires Commission approval of written agreements under which a water company agrees to provide and a customer agrees to accept a substandard level of service.
<b>Rates - Limited</b>	Pursuant to Sections 307 and 310, limited rate filings involve minor adjustments to individual tariffs and do not have a significant impact on overall utility revenues.
<b>Rates - Municipal and Quasi-Municipal Water Utilities</b>	Under Section 6104, rate filings by municipal and quasi-municipal water utilities are effective by operation of law unless a valid petition is received.
<b>Reorganization/Affiliated Interests</b>	Under Sections 707 and 708, the Commission must approve financial transactions between a utility and an affiliated interest as well as utility reorganizations.
<b>Security Issuances</b>	Pursuant to Section 902, the Commission must approve the issuance of securities by utilities.
<b>Sell, Lease or Mortgage of Property</b>	Sections 1101, <u>et seq.</u> require Commission authorization before a utility can sell, lease, assign mortgage or otherwise dispose of property.
<b>10-Person Complaints</b>	Section 1302 provides for Commission investigation of written complaints signed by 10 or more persons made against any public utility.
<b>Utility Complaint</b>	Section 1302(3) provides for Commission investigation of complaints from one utility about another utility.