STATE OF MAINE
PUBLIC UTILITIES COMMISSION

2008 Annual Report

February 1, 2009

Maine Public Utilities Commission
Chairman Sharon M. Reishus
Commissioner Vendean V. Vafiades
Commissioner Jack Cashman
242 State Street
18 State House Station
Augusta, Maine 04333-0018
Tel: 207-287-3831
Fax: 207-287-1039
Consumer Assistance Division: 1-800-452-4699
TTY: 1-800-457-1220

Website: http://www.maine.gov/mpuc/
Efficiency Maine: http://www.efficiencymaine.com/
Consumer Hot Line: 1-800-452-4699
E-Mail: Maine.puc@Maine.gov

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STATE OF MAINE
PUBLIC UTILITIES COMMISION

In 2008, the Maine Public Utilities Commission (Commission) completed or took on several cases that have the potential to change Maine's utility landscape. Those included the takeover of the State's largest legacy telephone network by a relative newcomer, the acquisition of the State's largest electric transmission and delivery company by a Spanish firm, and the sale of the State's largest natural gas company to a competitor.

The year also saw resolution of significant safety issues with natural gas distribution systems in southern Maine, proposals for two massive new electricity transmission projects that would span the State, and further consideration of Maine's position within the regional power grid.

The proposed sale of Verizon New England to FairPoint Communications, Inc. drew public attention over the course of 2007, when the Commission held numerous hearings in Augusta and around the State. Early in 2008, we approved the merger, ordering specific conditions to protect Mainers from financial vulnerabilities the new provider might encounter, maximize investments in broadband infrastructure, and require stricter adherence to service quality standards.

While Verizon had access to resources that could not be matched by its proposed successor, we believed there was no advantage to Maine in continued service by a company which had demonstrated its unwillingness to invest those resources here. And we judged that the public interest would be better served by a company that would willingly pursue more reliable and expanded services for Maine.

The year also saw the takeover of Northern Utilities by a competitor, Unitil Corp. (Unitil), and accompanying efforts to address our long-running concerns about safety practices at the natural gas company's facilities in Maine. Those concerns came to a head in 2007, after a series of safety incidents which thankfully caused no injuries but which did raise questions about Northern's safety management practices.

On the same day the merger was approved, Unitil and Northern agreed to settle those outstanding safety issues, paying penalties of more than $2 million. More than half of that will be directly invested in safety improvements to gas line infrastructure. The Commission was pleased by Unitil officials' willing commitment to improve management and safety practices in Maine.

Also this year the Commission approved the sale of Energy East – the parent company of Central Maine Power (CMP), to a Spanish firm, Iberdrola, just as CMP was gearing up to propose major new transmission upgrades.

CMP's Maine Power Reliability Program (MPRP) includes the construction of a new 345 kilovolt (kV) line from Orrington, Maine to Portsmouth, New Hampshire. CMP also joined Maine Public Service to propose a 345 kilovolt AC transmission line up to

200 miles long to directly interconnect northern Maine with the New England power grid, a project known as the Maine Power Connection (MPC). Together those projects are worth an estimated $2 billion.

In keeping with the Commission's commitment to public participation, more than 150 citizens and organizations were granted intervenor status in the MPRP case – and none were denied. The Commission held more than a dozen technical and other case conferences, public witness hearings held in Waterville and Lewiston were attended by more than a hundred citizens, and plans were laid for many more hearings in Augusta and in other communities.

CMP presented the project as necessary to sustain grid reliability. In 2008, the Commission gave rigorous consideration to the question of whether, as proposed, the project meets the standard of necessity and whether its benefits outweighed its potential cost to ratepayers. A decision is expected in 2009.

Unlike the first project, the MPC was proposed not as necessary for reliability, but instead to allow for the interconnection of several hundred megawatts (MW) of wind power in northern Maine, as well as to integrate northern Maine with the rest of Maine and the New England bulk power system and market. Consideration of that proposal will also involve a robust public process.

Maine's overall relationship with the administrator of the regional grid, ISO-New England, continued to be reviewed by the Commission. A Hearing Examiner's report was completed late in the year, and the Commission will report its findings in the ISO proceeding to the Legislature by January 15.

Finally, rapid hikes in fuel prices in 2008 led to unprecedented demand for efficiency improvements by Maine residents, businesses, schools and other organizations. We are pleased to report that Efficiency Maine, which is a program of the MPUC, met that demand with steady growth in the benefits provided by its incentives and services at a benefit-to-cost ratio of 3.84 to one.

We look forward to Efficiency Maine's continued success in reducing electricity usage, and to conversation in the Legislature and other forums about the Commission's role in moving Maine toward an energy future that is less dependent on fossil-fuel generated energy.

While efficiency investments are a bulwark against unpredictability in energy prices, the Commission also recognized that in 2008, many Maine consumers faced unexpectedly hard choices about how to pay their bills, or which bills to pay. In response, our Consumer Assistance Division worked with utilities to establish collection practices less onerous to Maine's citizens.

In addition, we raised the cap on funding for the Low-Income Assistance Program, which helps more than 40,000 qualified Mainers pay their electric bills. We added more than $900,000 to the fund – a 13 percent boost. We will continue to do our utmost to ensure that even in today's volatile energy market place, the rates Mainers pay are just and reasonable.

Sharon M. Reishus	Vendean V. Vafiades	Jack Cashman
Chairman	Commissioner	Commissioner

THE MAINE COMMISSION

Mission Statement:

The Maine Public Utilities Commission regulates utilities to ensure that safe, adequate and reliable utility services are available to Maine customers at rates that are just and reasonable for both customers and public utilities.

The Maine Legislature created the Public Utilities Commission (Commission) in 1913 and the Commission began operation on December 1, 1914. Since the Commission was created, its roles and responsibilities have changed dramatically. The Commission has broad powers to regulate approximately 500 utility companies and districts that generate more than $1.2 billion a year in electric, telephone, water, and gas utility revenues.

The Commission also responds to customer questions and complaints, grants utility operating authority, regulates utility service standards and monitors utility operations for safety and reliability and has limited authority over rates and service of ferry transportation.

Like a court, the Commission adjudicates cases and may take testimony, subpoena witnesses and records, issue decisions or orders, hold public and evidentiary hearings, and encourage participation by all affected parties, including utility customers. The Commission also initiates investigations and rulemakings, resolves procedural matters, investigates allegations of illegal utility activity, and responds to legislative directives.

The three full-time Commissioners are nominated by the Governor, reviewed by the Legislature's Joint Standing Committee on Utilities and Energy and confirmed by the full Senate, for staggered terms of 6 years. The Governor designates one Commissioner as Chairman. The Commissioners make all final Commission decisions by public vote or action of the majority.

The Commission's staff includes accountants, engineers, lawyers, financial analysts, consumer specialists, and administrative and support staff. The Commission is divided into six operating divisions.

The Administrative Division handles day-to-day operational management of the Commission, with responsibilities for fiscal and personnel matters, contract and docket management, and the physical plant. This division also provides support services to the other divisions and assists the Commission in coordinating its activities. The Emergency Services Communication Bureau (ESCB) manages the E9-1-1 program development and implementation and is located within the Administrative Division.

The Consumer Assistance Division (CAD) provides information and assistance to utility customers to help them resolve disputes with utilities. The CAD processes complaints and in response determines what utility practices, if any, should be corrected. The CAD also educates the public and utilities about consumer rights and responsibilities and other utility-related consumer issues, and evaluates utility compliance with state statutes and Commission rules.

The Finance Division conducts financial investigations and analyses of telephone, electric, gas and water utilities' operations. This division analyzes all applications by utilities to issue securities. Finance staff advises the Commission on such matters as rate base, revenues, expenses, depreciation, and cost-of-capital.

The Legal Division provides hearing officers in cases before the Commission and assists in preparing and presenting Commission views on legislative proposals. This division also represents the Commission before federal and state appellate and trial courts.

The Technical Analysis Division (TA) advises the Commission on questions of engineering, rate design, energy science, statistics and other technical elements of policy analysis for all utility areas.

The Energy Program develops and carries out a statewide electric energy conservation program and manages the federal government's energy conservation efforts in Maine.

During the past year the Commission processed the following caseload:

CASES CLOSED 2008

CAD Appeals	24
Telecommunications	229
Conservation	1
Damage Prevention	5
E-911	0
Electric	160
Gas	45
Multi-Utility	4
Rulemakings	4
Water	90
Water Common Carrier	1
Total	**563**

CASES OPENED 2008

CAD Appeals	26
Telecommunications	184
Conservation	1
Damage Prevention	1
E-911	4
Electric	151
Gas	45
Multi-Utility	4
Rulemakings	8
Solar Energy	0
Water	90
Water Common Carrier	1
Total	**515**

TELECOMMUNICATIONS

THE TELEPHONE INDUSTRY IN MAINE

Regulated landline telephone service falls into three categories: local service, in-state interexchange (or long distance) service, and interstate interexchange service. The Commission regulates local and in-state service, while the Federal Communications Commission (FCC) regulates interstate service. Wireless carriers are regulated by the FCC. The Commission regulates three types of landline carriers: Incumbent Local Exchange Carriers (ILECs) whose monopoly service territories were established before competition entered the telecommunications market, Interexchange Carriers (IXCs) that provide in-state or interstate long distance services, and Competitive Local Exchange Carriers (CLECs) that provide local service in competition with ILECs and other CLECs. A map showing the State's ILEC territories is at the end of this section. The Commission's regulation of CLECs and IXCs is less rigorous than its regulation of ILECs because market forces act to discipline the prices and terms of these companies.

Finally, many telephone carriers provide broadband that delivers high-speed internet services. Broadband is provided through a variety of technologies, including Digital Subscriber Line (DSL), cable, and wireless technologies. State commissions are prohibited by federal law from regulating broadband services.

KEY EVENTS

- FairPoint Communications Inc. (FairPoint) completed a transaction on April 1, 2008, in which FairPoint assumed the local exchange and some long distance services formerly provided by Verizon New England. Commission approval included a series of conditions intended to protect customers, improve financial security, and expand broadband service. As a result of the transaction, a new carrier now offers service to 85% of Maine's telecommunications customers.

- The Commission concluded its review of Verizon Maine's Alternative Form of Regulation (AFOR) and ordered FairPoint to lower customers' rates by $18 million annually, eliminate the distinction between economy and premium local service, and implement new service quality indices (SQI). The rate changes were effective in August 2008. FairPoint will implement the rate changes when it cuts over to its new computer systems beginning in late January 2009 and customers are receiving credits on their bills to compensate for the delay.

- The Commission conducted a "rural exemption" proceeding intended to determine whether to lift federal protections that exempt rural ILECs from the requirement to negotiate interconnection agreements with a competitive carrier. The proceeding addressed CRC Communications of Maine (CRS)'s effort to interconnect and allow Time Warner Cable Co. to provide competitive service in the territories of five rural Maine ILECs.

- The Commission strengthened its ability to monitor potential emergency situations by revising requirements for outage reporting and investigating storm response procedures to determine whether Verizon (and now FairPoint) respond adequately in outage conditions.

- The Commission contributed its expertise and comments to other states and associations regarding proposals, set forth by or to the FCC, that would affect funding or revenues of carriers and customers in Maine.

INDUSTRY TRENDS

Competition

Since enactment of the federal 1996 Telecommunications Act (TelAct), the telecommunications industry has been characterized by increasing levels of competition. Virtually all of Maine's telephone users can obtain long distance service from an IXC and CLECs now serve a significant portion of Maine's customers. Wireless carriers serve more Maine accounts than do wireline carriers. However, wireless service is still more likely to supplement wireline service or reduce wireline minutes than to fully replace a wireline customer account. The extent to which this relationship is changing continues to be a critical factor in wireline carrier operations. Finally, Voice over Internet Protocol (VoIP) service, which runs over a broadband connection (e.g., DSL or cable) is creating additional competition among technologies. Jurisdiction over the regulation of VoIP is a topic of vigorous discussion and activity at the state and federal levels.

Relaxed Regulation

Telephone regulation in Maine is evolving to respond to the competition that exists among carriers and technologies. The Commission has relaxed its regulation of services when competition creates conditions in which the market will discipline prices and terms. For example, after years of providing modest oversight of CLECs' and IXCs' rates, the Commission ruled in 2007 that it was no longer necessary for CLECs and IXCs to file retail tariffs. In addition, the Commission found that ILECs no longer must file competitive bundled service tariffs for Commission approval. State law and Commission rules retain consumer protections for competitive services and the Commission's CAD continues to resolve complaints involving competitive carriers subject to State jurisdiction.

Broadband Availability

Although the Commission does not regulate broadband, it is mindful of the State's goal of establishing broadband access that reaches as many Maine customers as possible. During 2008, carriers in Maine expanded broadband in Maine through a variety of technologies, and the State's Connect Maine Authority (on which the

Commission Chairman serves) awarded its second round of monetary grants in support of broadband expansion.

MAJOR CASES AND EVENTS

Sale of Verizon to FairPoint Communications NNE

On January 31, 2007, Verizon New England Inc. and various affiliates of FairPoint telephone companies in New England requested that the Commission approve a transaction that would transfer Verizon's local exchange and long distance businesses in Maine, New Hampshire, and Vermont, to FairPoint Communications, Inc. (FairPoint). Because Verizon's territory included approximately 85% of Maine's customers, the outcome of the request would have a significant impact within Maine. In early 2008, the Commission approved a Stipulation in Docket No. 2007-67, approving the transaction and imposing a number of conditions intended to protect the interests of retail and wholesale customers, improve service quality, expand the availability of broadband service, and improve FairPoint's financial integrity. For example, FairPoint must spend $57.55 million over five years to increase broadband availability with a target of reaching 90% of all access lines in its territory and 82% of the lines in the most rural areas.

An additional condition allows the Commission to investigate and suspend FairPoint's readiness to "cutover" its computer and backroom operations from Verizon's systems to its own systems. The three states hired a consultant to monitor FairPoint's cutover testing and advise the commissions of FairPoint's progress. Cutover was scheduled to occur on August 1, 2008. However, throughout 2008, FairPoint requested deferrals based on its own assessment of cutover readiness and the assessment of the states' consultant. In November 2008, FairPoint declared its readiness to cut over beginning in late January 2009. In November the Commission accepted FairPoint's decision to complete the cutover and Maine and New Hampshire made similar decisions.

FairPoint's Alternative Form of Regulation (AFOR)

In 2008, the Commission concluded Docket No. 2005-155, a review of Verizon's Alternative Form of Regulation (AFOR). The AFOR allowed Verizon flexibility in setting its rates and required it to maintain predetermined service quality standards.

In October 2007, the Commission approved an interim stipulation that required Verizon to invest $12 million in DSL services in Maine. Verizon carried out the $12 million DSL investment early in 2008, providing high-speed broadband service to an additional 35,000 customers.

The AFOR case was concluded in conjunction with the FairPoint transaction discussed above, and its terms apply to FairPoint. The Commission ordered FairPoint to reduce its rates on August 1, 2008 by $18 million annually, remove the distinction between economy and premium local service, and revise its method for offering "municipal calling." FairPoint will carry out these rate revisions after it cuts over to its own systems during 2009. To compensate customers for the delay in the $18 million rate reduction, the Commission ordered FairPoint to provide a 4-month credit on December 2008 bills and a further 1-month credit on January 2009 bills.

The Commission also established revisions to the service quality indices contained in Verizon's AFOR. FairPoint implemented the new indices and reports its service quality metrics monthly.

Rural Exemption Cases

During 2007, CRC requested interconnection with Oxford Telephone Company, Oxford West Telephone Company, Unitel, Inc., Lincolnville Telephone Company, and Tidewater Telecom, Inc. (the rural ILECs). The interconnection agreements would allow CRC to provide wholesale services that would enable Time Warner to provide its Digital Phone service in the rural ILECs' territories. If such agreements were successfully negotiated, Time Warner would become the first wireline company permitted to compete with these ILECs in their service territories. The ILECs asserted that they need not negotiate interconnection agreements with CRC. In Docket No. 2007-611, the Commission determined that before it could compel the rural ILECs to negotiate with CRC, the Commission must determine whether to lift the so-called rural exemption which, under the TelAct, protects rural ILECs from the obligation to engage in interconnection negotiations. During 2008, the Commission conducted proceedings (Dockets No. 2008-214 through 2008-218) to consider the findings required by the TelAct: that CRC's request was not unduly economically burdensome, was technically feasible, and was consistent with the universal service provisions of the TelAct. In November 2008, after evaluating the testimony submitted by CRC and Time Warner, the Commission found that CRC had not met its burden of providing sufficient information to allow the Commission to determine that the request was not unduly economically burdensome, and dismissed the cases without prejudice.

Other Mergers and Acquisitions

The Commission approved two additional reorganizations affecting Maine ILECs. In Docket No. 2008-232, the Commission approved a reorganization in which Lincolnville Telephone Company became a holding company that owns two Maine ILECs – Lincolnville Networks (replacing the service of Lincolnville Telephone Co.) and Tidewater Telephone Co. – as well as other affiliates. The ownership of these companies was also changed by the transaction. In addition, in Docket No. 2008-337, the Commission approved a sale from Country Road Communications, LLC to Otelco, Inc., of all stock associated with two Maine ILECs - Pine Tree Telephone and Telegraph Company and Saco River Telephone and Telegraph Company.

Wireless Eligible Telecommunications Carrier (ETC) Designation

In 2008, the Commission renewed the "Eligible Telecommunications Carrier" (ETC) status of two wireless carriers: United States Cellular Company (US Cellular) and RCC Minnesota Inc (Unicel). Under the TelAct, ETC designation allows these carriers to receive funding from the federal Universal Service Fund (USF), thereby encouraging build-out of wireless service to rural areas in which it would otherwise not occur. During 2007, the Commission promulgated Chapter 206, which established objective standards by which the Commission would grant ETC status (Docket No. 2007-273), and the new rule governed the 2008 decisions.

INVESTIGATIONS AND RULEMAKINGS

Investigation into Requirements of Certain VoIP Providers

In response to filings and considerations made during Commission proceedings related to VoIP services, the Commission opened a separate investigation into whether Time Warner Cable Digital Phone LLC and Comcast IP Phone, LLC or any other facilities-based VoIP providers must request authorization to provide telephone service under the requirements of Maine law (Docket No. 2008-421). The investigation will address whether these carriers' digital phone service is telephone service and whether the two companies are telephone utilities under the law.

Chapter 200 – Outage Reporting

During 2008, the Commission revised Chapter 200, which establishes requirements that telecommunications carriers must follow when reporting service outages to the Commission (Docket No. 2007-230). The revisions align the Commission's outage reporting requirements with the FCC's requirements and clarify that the outage reporting requirements apply to all carriers. Uniform and timely outage notification facilitates more informed responses to emergencies and complements the Commission's oversight of the State's E9-1-1 system.

Investigation into Storm Response

In addition to improving its ability to monitor outages throughout Maine through the terms of Chapter 200, the Commission carried out a number of investigations into service restoration procedures followed by Verizon Maine during and after storms and other power outages. After the reorganization on April 1, described earlier, these investigations transferred to the adequacy of FairPoint's procedures.

The first proceeding, Docket No. 2007-212, considered the reasonableness of Verizon's response during an extended outage in York County in 2007. The second proceeding, Docket No. 2008-103, investigated Verizon's response to an extended telephone outage in Harpswell and an alleged lack of communication between Verizon, emergency management personnel, and Harpswell town officials during a separate extended outage. After considering these complaints and other circumstances, the Commission opened Docket No. 2008-172 to investigate FairPoint's compliance with Orders in Docket No. 2002-151, which set forth a number of requirements related to storm preparation, outage response, and emergency management communication. In this proceeding, FairPoint has begun procedures that improve Verizon's practices in these areas.

Chapter 214 – Detariffing

State law (35-A M.R.S.A. § 307-A) allows the Commission to grant a utility an exemption from the requirement to file its rates, terms, and conditions of service. Before granting the exemption, the Commission must make statutory findings that are intended to ensure that the services are competitive and customers will not be disadvantaged as a result of the exemption. “Detariffing” reduces unnecessary administrative burdens for the Commission and carriers and allows carriers to implement competitive telecommunications products more quickly. During 2007, the Commission promulgated Chapter 214, which detariffs the retail services of CLECs and IXCs and the bundled services offered by ILECs (Docket No. 2007-234). The rule took effect on March 14, 2008 and has created no unintended difficulties.

Federal Rulemakings and Investigations

The Commission contributed expertise to other states and organizations regarding proposals set forth by or to the FCC, and it joined with other states in providing comments to the FCC. These proposals could affect funds flowing to Maine through the federal USF and through access charges paid among carriers, broadband and wireless build-out, and jurisdiction over certain types of telecommunications carriers.

Prison Telephone Service Complaint

In 2007, the Commission opened Docket No. 2007-467 to consider a complaint asking the Commission to investigate whether the rates for telephone service provided by the Maine Department of Corrections (Department) are unreasonable. The Commission concluded that first it must consider whether the Department is a public utility subject to Commission jurisdiction. The Commission concluded that the Department is a public utility under Maine law and ordered the Department to file with the Commission its rates and terms of service. The Department appealed the decision, and the matter is now before the Supreme Judicial Law Court.

Chapter 289 – Requirements for Bundled Services Offered by ILECs

During 2008, the Commission promulgated Chapter 289, which establishes consumer protection requirements, pricing and accounting procedures, and low-income program requirements that ILECs must follow when offering bundled services to their customers (Docket No. 2008-15). Because these packages (which contain local as well as long distance, internet, or video services) face significant market competition, the Commission concluded that ILECs should be subject to consumer protections and pricing flexibility that are consistent with those required of other competitive carriers.

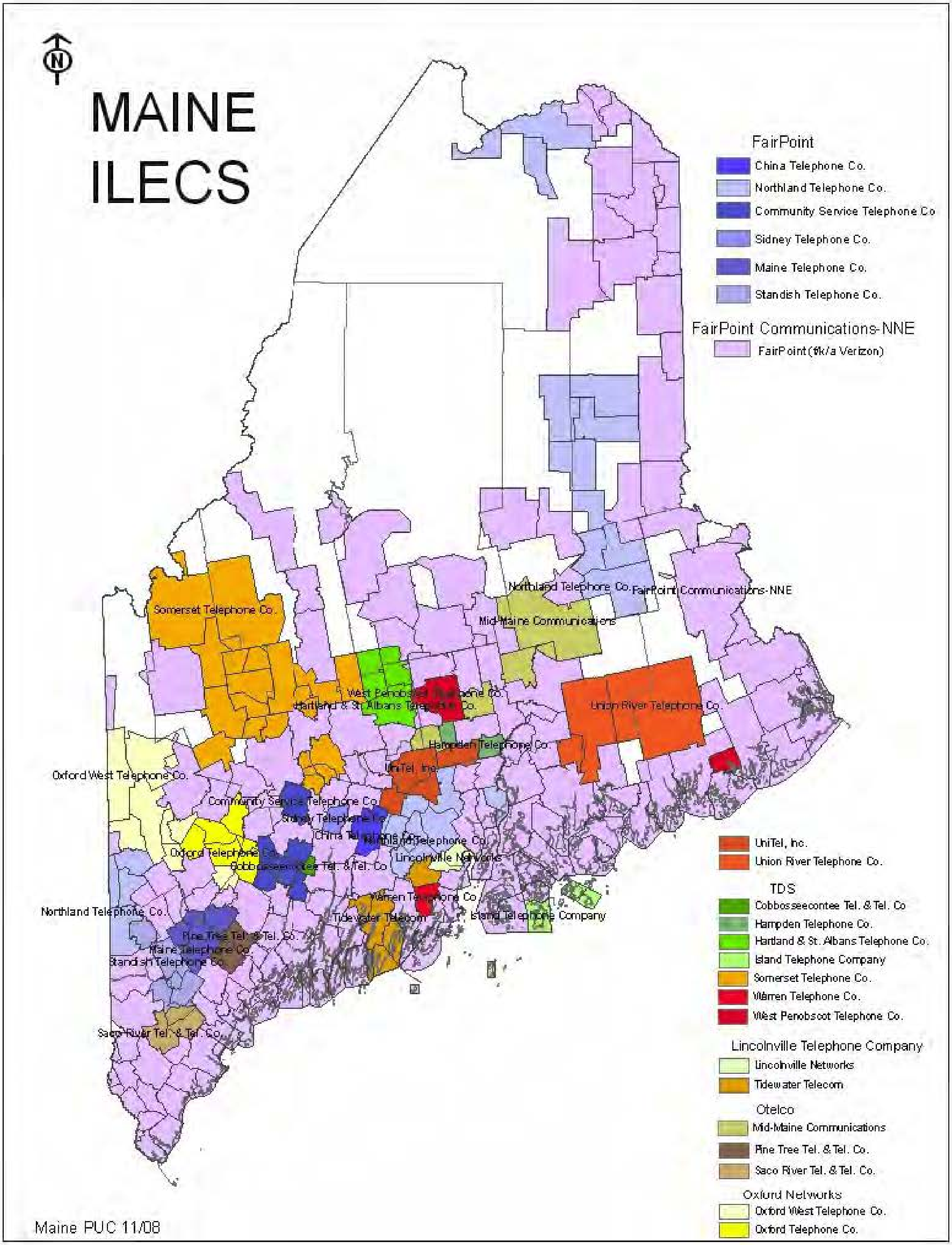
LEGISLATIVE MANDATES

Public Interest Phones (PIPs)

During 2007, in response to Maine law and the Commission's Chapter 252, the Commission oversaw the installation of approximately 50 Public Interest Payphone (PIP) sites throughout Maine. The contract for PIP installation and maintenance extends until early 2010, and, until that time, fully exhausts the annual funding provided by law for the PIP program. Thus, the Commission does not anticipate approving new PIP sites until 2010 or later.

PSAP Rate Case

During 2008, the Legislature passed P.L. 2007, ch. 622, which authorizes the Commission to establish fees that must be paid by political subdivisions that receive E9-1-1 Public Service Answering Point (PSAP) and dispatch services from four regional centers operated by Maine's Department of Public Safety. In response, the Commission opened Docket No. 2008-225, an adjudicatory proceeding in which it examined the Department's annual revenue requirement for these services. The Commission is scheduled to reach its decision in this proceeding in January, 2009.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MAINE
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FairPoint
China Telephone Co.
Northland Telephone Co.
Community Service Telephone Co
Sidney Telephone Co.
Maine Telephone Co.
Standish Telephone Co.
FairPoint Communications-NNE
FairPoint (f/k/a Verizon)
Northland Telephone Co.
FairPoint Communications-NNE
Mid-Maine Communications
Somerset Telephone Co.
West Penobscot Telephone Co.
Hartland & St. Albans Telephone Co.
Union River Telephone Co.
Hampden Telephone Co.
UniTel, Inc.
Oxford West Telephone Co.
Community Service Telephone Co.
Sidney Telephone Co.
China Telephone Co.
Northland Telephone Co.
Oxford Telephone Co.
Cobbosseecontee Tel. & Tel. Co.
Lincolnville Networks
Warren Telephone Co.
Tidewater Telecom
Island Telephone Company
Northland Telephone Co.
Pine Tree Tel. & Tel. Co.
Maine Telephone Co.
Standish Telephone Co.
Saco River Tel. & Tel. Co.
UniTel, Inc.
Union River Telephone Co.
TDS
Cobbosseecontee Tel. & Tel. Co
Hampden Telephone Co.
Hartland & St. Albans Telephone Co.
Island Telephone Company
Somerset Telephone Co.
Warren Telephone Co.
West Penobscot Telephone Co.
Lincolnville Telephone Company
Lincolnville Networks
Tidewater Telecom
Otelco
Mid-Maine Communications
Pine Tree Tel. & Tel. Co.
Saco River Tel. & Tel. Co.
Oxford Networks
Oxford West Telephone Co.
Oxford Telephone Co.
Maine PUC 11/08

ELECTRIC

THE ELECTRIC INDUSTRY IN MAINE

Electricity in Maine is comprised of two components: delivery and supply. Delivery includes transmission, distribution and customer-related functions such as metering and billing, and supply includes the production and provision of electric energy and capacity. Delivery is fully regulated; supply is procured through competitive markets. Maine electricity consumers receive delivery service from a transmission and distribution (T&D) utility and supply service from a Maine-licensed competitive electricity provider (CEP).

The Commission fully regulates the operations and rates of the T&D utilities, except for transmission rates, which are regulated by the Federal Energy Regulatory Commission (FERC). With respect to supply, the Commission licenses CEPs, oversees the retail market and administers the competitive procurement processes for standard offer service which provides electricity supply for customers that do not participate in the retail market. The Commission also monitors the regional wholesale markets and related activities of the New England Independent System Operator (ISO-NE)[1] and advocates for Maine consumers in regional forums and before the FERC.

There are 13 T&D utilities in Maine: three investor-owed utilities (IOUs) and 10 consumer-owned utilities (COUs). The IOUs -- Central Maine Power Company (CMP), Bangor Hydro-Electric Company (BHE) and Maine Public Service Company (MPS) -- serve about 95% of the total State load. There are currently 115 Maine-licensed CEPs, and during 2008 seven different CEPs provided standard offer service. More detail about the T&Ds and CEPs is provided below. In addition to the T&D utilities and CEPs that provide service directly to retail consumers, there are also several electricity generation facilities located in Maine. Summary information about these facilities is provided in Appendix A at the end of this section.

Electricity use by Maine consumers is currently about 12 million megawatt hours (MWh) per year, with a peak demand of about 2,200 megawatts (MW). Maine is currently a net electricity exporter, with total generation capacity from in-state plants in the range of 3,500 MW.

KEY EVENTS

- The Commission submitted its Final Report to the Legislature regarding continued participation by Maine utilities in the New England Regional Transmission Organization (NERTO) in January of 2008. The Final Report outlined concerns with the *status quo,* described necessary changes and presented three alternatives. A Commission proceeding was

[1] The terms New England Independent System Operator (ISO-NE) and New England Regional Transmission Organization (NERTO) are often used interchangeably.

initiated in May to determine whether, and under what terms, Maine utilities should continue as parties to the regional Transmission Owners' Agreement.

- Major transmission line projects were proposed by CMP and MPS involving capital investments in excess of $2 billion. CMP proposed to build approximately 350 miles of transmission lines and associated infrastructure throughout central and southern Maine to address reliability issues. CMP and MPS jointly proposed to build approximately 200 miles of transmission lines and associated infrastructure in northern Maine to provide a direct interconnection between northern Maine and New England and enable the development of wind generation in northern Maine.

- The Commission approved a Stipulation that authorized the acquisition of CMP's corporate parent, Energy East Corporation, by Iberdrola, S.A., a corporation organized under the laws of the Kingdom of Spain. The Stipulation included numerous terms and conditions to protect CMP's customers and was broadly supported by parties to the proceeding.

- The Commission approved a new Alternative Rate Plan (ARP)for CMP that resulted in a distribution rate decrease of $20.3 million on July 1 and a set of inflation-based indices by which distribution rates would be determined through the year 2013. A proposal by CMP to invest system-wide in Advanced Metering Infrastructure (AMI) remains under consideration by the Commission.

- Wholesale market prices for electricity were volatile in 2008, increasing significantly in the first half of the year before falling during the latter half of the year to below 2007 levels.

- Standard offer service was procured through several competitive bid processes the Commission conducted throughout the year. Standard offer prices for the year averaged 9.8 cents per kilowatt hour (kWh) for residential and small commercial consumers.

- Transmission rates for most Maine consumers increased significantly in 2008. For residential consumers, these increases were offset by decreases in distribution and stranded cost rates.

- Retail competition remained robust for medium and large commercial and industrial (C&I) customers of CMP and BHE. As of late 2008, 70% of this load was served by several different retail suppliers, with the remaining 30% receiving standard offer service. Northern Maine continued to be served by only one retail supplier.

- Maine's participation in the Regional Greenhouse Gas Initiative (RGGI) got underway with the first two regional auctions for CO_2 allowances. In addition, the Maine Energy Conservation Board (ECB) and the Energy and Carbon Savings Trust (ECST) were formed and began undertaking the activities to reduce carbon emissions envisioned by the RGGI statute.

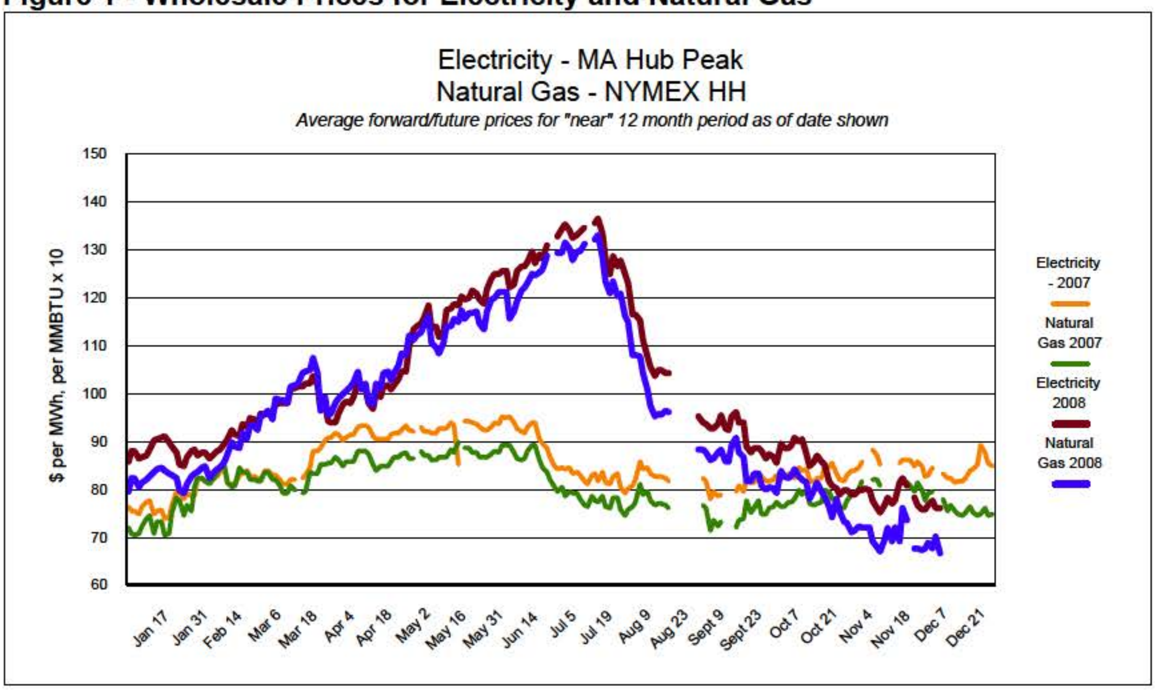
- At the direction of the Legislature, the Commission developed a Resource Adequacy Plan and a Request for Proposals (RFP) for Long Term Contracts for Capacity and Associated Energy. The RFP was issued in December 2008.

INDUSTRY TRENDS

Wholesale Supply Market

Electricity supply prices in Maine are determined by wholesale prices in the ISO-NE markets, most notably the market for energy and, to a lesser extent, capacity. During the twelve-month period ending October 2008, energy prices in the ISO-NE spot market averaged 7.8 cts/kWh. Compared to prices for calendar 2007 this reflects an increase of 21%. Forward market energy prices were also higher compared to last year, and substantially more volatile, following similar trends in natural gas prices. Figure 1 provides an illustration of electric energy and natural gas prices during the most recent two years.

Figure 1 - Wholesale Prices for Electricity and Natural Gas



Capacity prices were 13% higher in 2008 than in 2007 as a result of scheduled increases in capacity "transition payments" to New England generators pursuant to a FERC-approved settlement. Transition payments on average for the year were $3.46 per kW-month, or about nine-tenths of a cent per kWh for a typical residential consumer.

Retail Supply Market

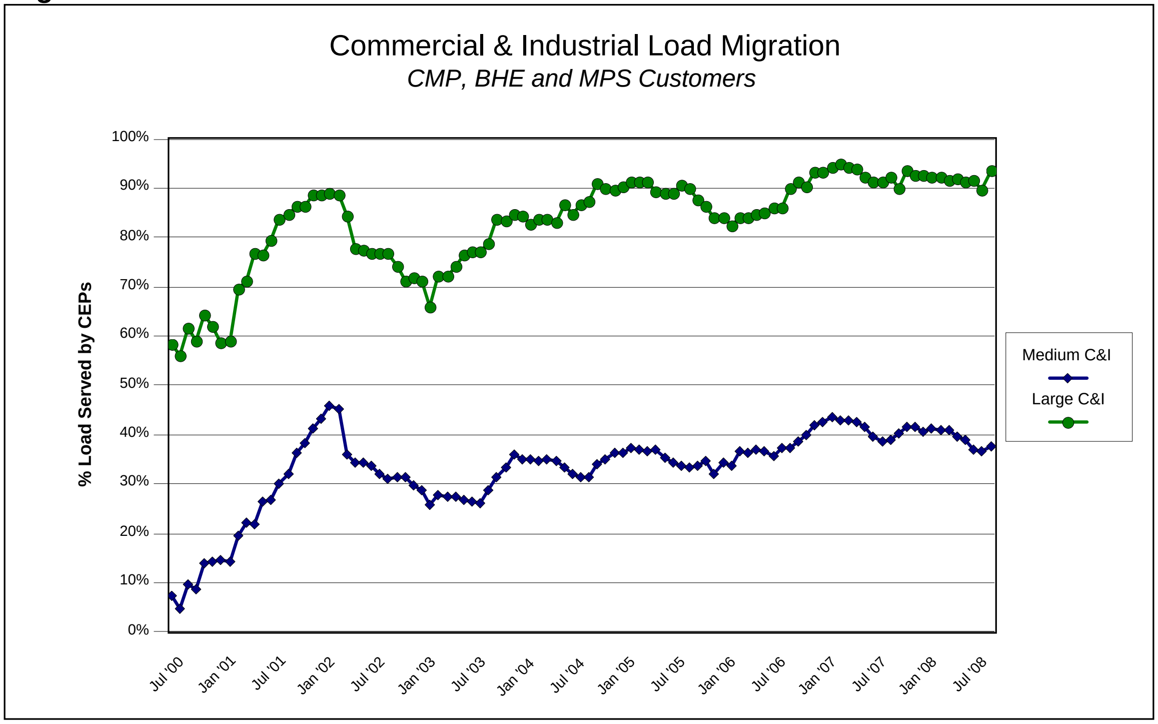
Since the enactment of the Maine's Electric Restructuring Act (P.L. 1997, ch. 306) consumers in Maine have had the right to shop for electricity products and suppliers in the market. As described below, the retail market in Maine is robust for some, but not all, sectors.

The Commission licensed twelve new competitive electricity providers (CEPs) during 2008. (CEP's include direct suppliers, as well as brokers and aggregators.) There are 115 CEPs currently licensed to operate in Maine, although many of them are not active in the market. A complete list of licensed CEPs is available online at: http://www.maine.gov/mpuc/industries/electricity/ElectricSupplier/ceplist.htm

The retail market in most areas of Maine continued to reflect a reasonable level of competitive activity in the medium and large commercial and industrial (C&I) customer sectors. Most of the load of these customers is served by supply arrangements C&I customers acquire directly in the retail market. Terms of service and prices are negotiated between these customers and suppliers, or, in some cases, with the assistance of aggregators or brokers. Depending upon customer preference and supplier product offerings, prices may be fixed for multi-year terms, or, at the other end of the spectrum, prices may change hourly in accordance with real-time or near real-time wholesale markets.

Although migration to and from the competitive market is influenced to some extent by the relationship between standard offer and non-standard offer prices, the prevailing trend is for customers to remain in the market once they have left the standard offer. Figure 2 below shows migration among medium and large customers and reflects the overall trend from standard offer service to the retail market. Currently, about 40% percent of the load of Maine's medium C&I customers and more than 90% of the load of the large C&I customers is served through individual retail arrangements.

Figure 2 - C&I Migration



Although in previous years a large share of the retail market had been served by a set of affiliated suppliers, the market share of these companies dropped significantly in 2007 and continued to decline during 2008 resulting in an improved and more balanced market share profile.

During 2008, there continued to be little retail market activity in the residential and small commercial sectors in Maine or other states. However, because Maine's standard offer providers are chosen through bidding processes, residential and small commercial customers are receiving competitively-procured supply, albeit at the bulk level. In addition, during 2008, "clean" products, featuring hydroelectric, biomass, wind, low-impact hydro generation, and Renewable Energy Certificates (RECs) continued to be available through residential and public sector aggregation groups, and The Carbon Free Homes Program, which was launched by the Commission in 2007, continued to offer residential consumers an opportunity to learn about their home energy use, identify energy efficiency options, and sign up for clean energy products.

Finally, retail competition in northern Maine continued to be weak during 2008 due largely to the structural and wholesale market deficiencies that characterize the region. These deficiencies have hindered market development since retail access began in 2000.

Standard Offer Service

Standard offer service provides electricity supply for customers that do not participate in the retail market. Pursuant to statute, the Commission must ensure that standard offer service is available to all customers that do not have another retail supplier. The Commission procures standard offer service through periodic competitive bid processes. The Commission's procurement processes are designed to minimize the volatility for residential and small commercial customers. For larger C&I customers, for whom there is active retail competition, the standard offer process is designed to track wholesale market prices.

During 2008, the portion of Maine's electric load receiving standard offer service remained steady at about 60%. By customer class, standard offer service supplied about 60% of the load of medium C&I customers and less than 10% of the load of large C&I customers in Maine. Standard offer service continued to supply virtually all residential and small commercial customers, as has been the case since retail access began.

The Commission conducted several competitive bid processes during 2008, procuring supply for the classes and terms listed in Figure 3 below:

Figure 3 - Summary of Standard Offer Bid Processes, 2008

Class	Term
CMP Residential/Small Commercial	March 2008-February 2009
BHE Residential/Small Commercial	March 2008-February 2009
CMP Medium C&I	March 2008-August 2008
CMP Large C&I	March 2008-August 2008
BHE Medium C&I	March 2008-August 2008
BHE Large C&I	March 2008-August 2008
CMP Medium C&I	September 2008-February 2009
CMP Large C&I	September 2008-February 2009
BHE Medium C&I	September 2008-February 2009
BHE Large C&I	September 2008-February 2009

Additional details about these bid processes is available online at:
http://www.maine.gov/mpuc/industries/electricity/index.html

Figure 4 provides a summary of standard offer suppliers and prices during 2008.

Figure 4 - Summary of Standard Offer Prices and Suppliers, 2008

Customer Class	Average Price (cts/kWh)	Suppliers
CMP Residential/Small Commercial	9.8	CECG; FPL; Independence
CMP Medium C&I	10.6	FPL; TransCanada
CMP Large C&I	10.8	FPL; CECG
BHE Residential/Small Commercial	9.9	CECG; FPL; Integrys
BHE Medium C&I	10.7	Dominion; Indeck; Integrys;TransCanada
BHE Large C&I	11.7	CECG
MPS Residential	8.5	Integrys
MP Medium C&I	9.2	Integrys
MPS Large C&I	9.2	Integrys

T&D Service

T&D service includes electricity delivery and customer-related services such as metering and billing. Delivery encompasses high-voltage transmission and lower-voltage distribution systems, including the construction, operation and maintenance of the necessary facilities. T&D is fully regulated for service adequacy, quality and rates. The Commission oversees most aspects of T&D service except, most notably, transmission rates, which are jurisdictional to the FERC.

There are thirteen T&D utilities in Maine – three IOUs and ten consumer-owned COUs. The three IOUs serve most of Maine, and among them CMP is the largest, serving about 80% of all Maine load. BHE and MPS serve most of the remaining load, with the COUs serving, in the aggregate, a few percent.

Figure 5 below shows the geographic areas each utility serves:

Figure 5

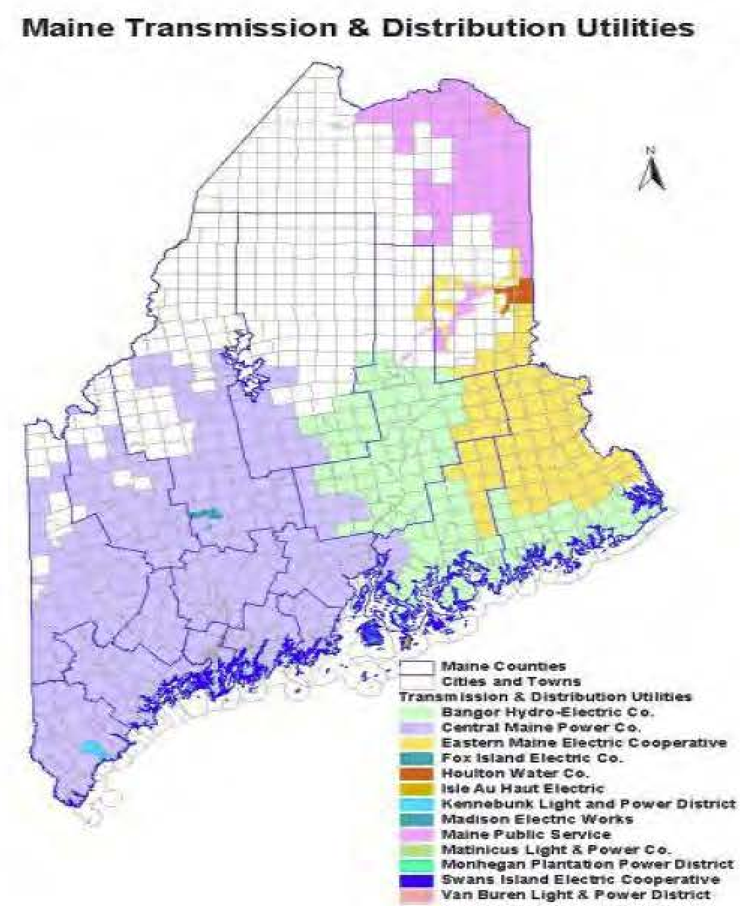


Figure 6 below provides a summary of residential electricity sales and rates by each T&D utility.

Figure 6

Residential Electricity Sales and Rates *					
	Sales		Rates (cents/kWh)		
	kWh	% of Total	T&D	Standard Offer	Total
IOUs					
CMP	3,468,253,000	78.7%	6.76	9.97	**16.73**
BHE	595,090,000	13.5%	8.33	10.05	**18.38**
MPS	179,864,000	4.1%	8.51	8.54	**17.05**
COUs					
EMEC	55,223,332	1.3%	8.26	9.15	**17.41**
Houlton	28,551,043	0.6%	3.25	8.60	**11.85**
Van Buren	7,265,452	0.2%	2.96	8.25	**11.21**
Kennebunk	46,714,783	1.1%	1.64	11.00	**12.64**
Madison	17,527,949	0.4%	4.80	4.57	**9.37**
Matinicus	334,000	0.0%	*Exempt from Standard Offer requirements*		**47.00**
Monhegan	295,000	0.0%	*Exempt from Standard Offer requirements*		**62.38**
Fox Island	6,296,766	0.1%	16.80	12.50	**29.30**
Isle au Haut	247,565	0.0%	35.62	12.14	**47.76**
Swans Island	2,168,730	0.0%	19.16	12.14	**31.30**
Total State	4,407,831,620		6.99	9.90	**16.88**

** - T&D rates based on 2007 annual reports. Standard offer rates reflect average rates as of 12/08.*

T&D rates are comprised of three components - transmission, distribution, and stranded costs. Transmission rates cover the cost of constructing and operating the transmission system in Maine, as well as costs allocated to Maine for regional pool transmission facilities (PTF). As noted above, transmission rates are regulated by the FERC. Distribution rates cover costs incurred by the T&D utility to construct and operate the local distribution system, as well as costs for customer-related activities such as metering and billing. Stranded cost rates reflect the net, above-market costs for generation obligations that utilities incurred prior to industry restructuring. Distribution and stranded costs rates are regulated by the Commission.

Figures 7, 8 and 9 provide an illustration of current average T&D rates for various customer classes of CMP, BHE and MPS. The variation across classes reflects differences in the underlying costs to serve customers of different size and service voltage.

Figure 7 - CMP T&D Rates

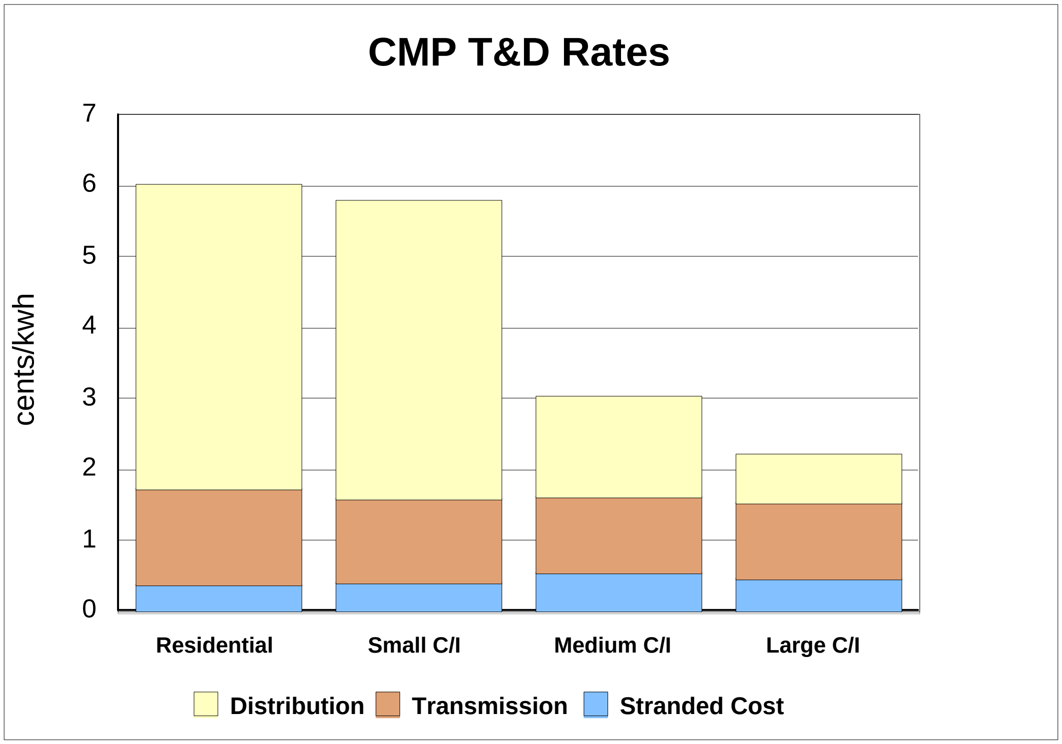


Figure 8 - BHE T&D Rates

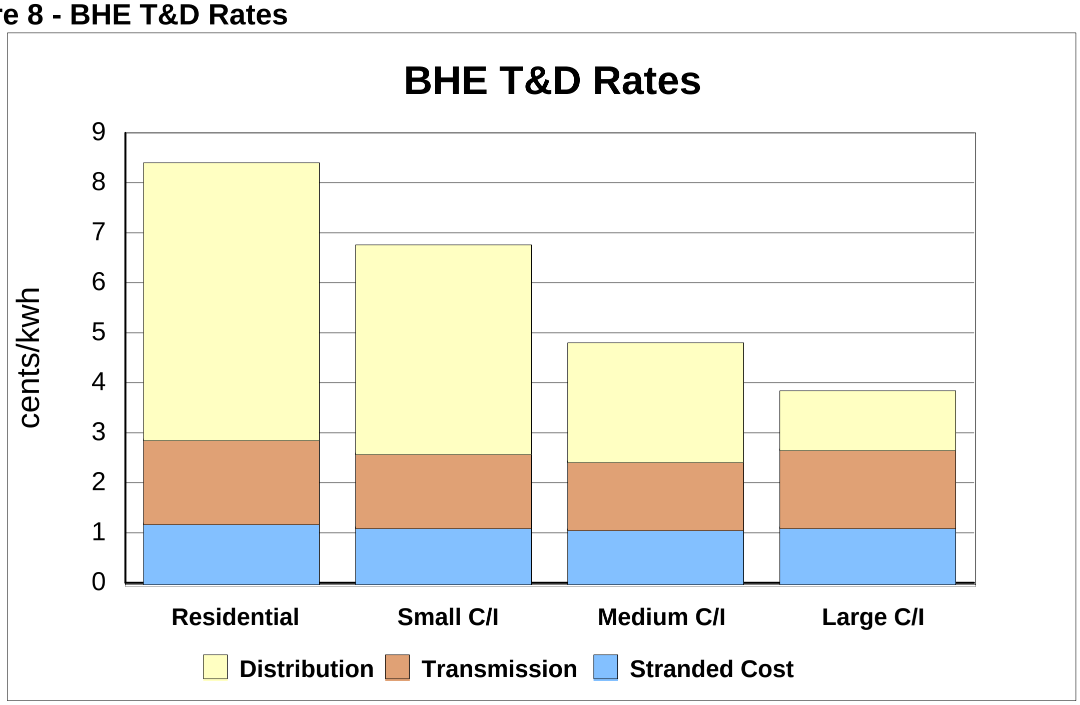
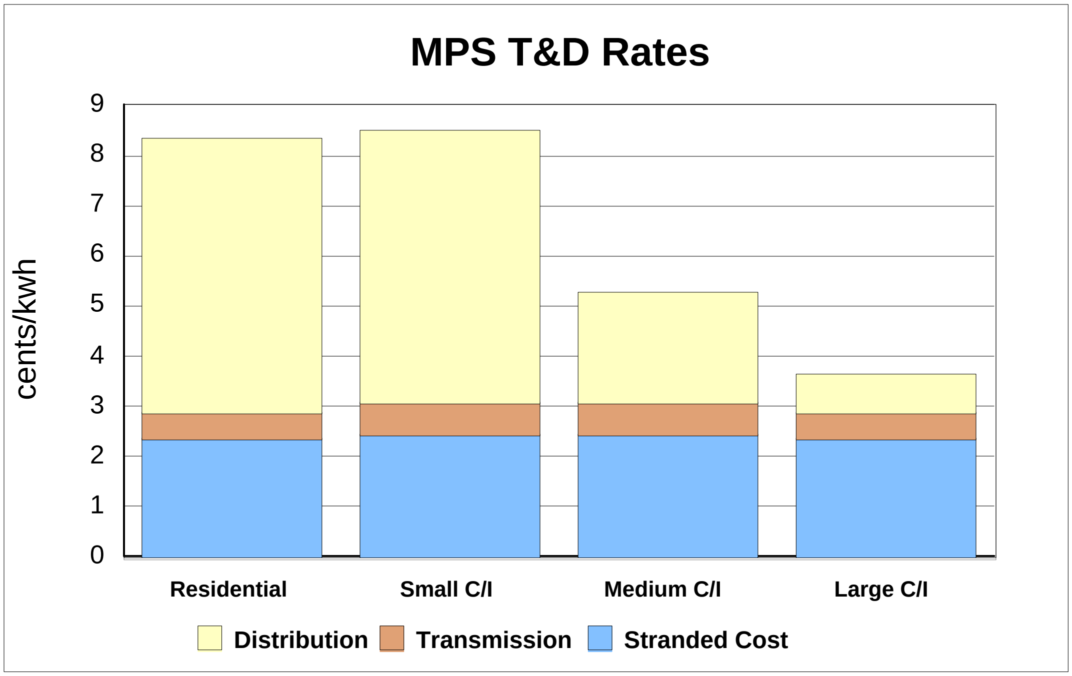


Figure 9 - MPS T&D Rates



<u>MAJOR CASES AND EVENTS</u>

ISO Participation Investigation

During its 2006 session, the Legislature enacted Resolve, To Direct the Public Utilities Commission to Examine Continued Participation by Transmission and Distribution Utilities in this State in the New England Regional Transmission Organization (Resolve 2005, Chapter 187). The Resolve directed the Commission to undertake an inquiry in order to:

- determine the legal options for directing Maine T&D utilities that are currently part of the New England Regional Transmission Organization (NERTO) to withdraw from NERTO;
- determine the costs and benefits of directing these utilities to withdraw from NERTO; and
- examine other reasonable options for providing the services currently provided by NERTO, including any options involving Canadian governments, agencies or other authorities as well as options involving other state governments or agencies within the United States.

The Commission issued its Final Report on the above matters to the Legislature in January 2008. In the Final Report, the Commission concluded that the

NERTO and wholesale market in their current forms expose Maine consumers to high, and in some cases, inequitable costs and a resource mix dominated by natural gas and other fossil fuels. The Commission presented the following three options to the Legislature to address these problems: market reforms within ISO-NE; an independent Maine transmission company; and a newly formed Maine/Canadian system. The Commission stated that any of the three options would result in a better outcome for Maine consumers than the *status quo*.

As part of the Stipulation in the Energy East/Iberdrola merger proceeding (described below), CMP agreed to a proceeding to determine whether it would remain a member of ISO-NE. In April 2008, the Commission issued a Notice of Investigation to initiate that proceeding (Docket 2008-156). Since the issues to be addressed in the investigation were of statewide interest and would affect BHE and MPS customers as well, all three utilities were included in the proceeding.

During its 2008 session, the Legislature enacted Resolve, Regarding ISO-NE (P.L. 2007, Chapter 193). The Resolve directed the Commission to report to the Utilities and Energy Committee by January 15, 2009 on its findings in Docket No. 2008-156, including the Commission's determination of whether it is in the interest of consumers for Maine's T&D utilities to provide timely notice of nonrenewal of the Transmission Owners Agreement.

Technical conferences in the Investigation proceeding occurred throughout the year and hearings were held during October. The parties to the investigation submitted their briefs on November 13, 2008 and a Hearing Examiner's report was issued on December 16. The Commission anticipates issuing its final Order and reporting to the Legislature by January 15, 2009, as required by the Resolve.

Transmission Lines

1. <u>Maine Power Reliability Program</u>

On July 1, 2008, CMP filed for approval to build the Maine Power Reliability Program (MPRP). CMP asserts that the MPRP is needed to maintain adequate reliability of its transmission network, and is required by newly enforceable, federally-mandated standards. CMP proposes to build seven new sections of 345 kilovolt (kV) transmission lines (the largest lines CMP owns) and eight new sections of 115 kV lines and to rebuild twenty sections of 115 kV lines and two sections of 345 kV lines. Virtually all the new lines would be built in existing transmission corridors, although CMP has or would seek to expand the width of many of the existing corridors. CMP estimates that the MPRP would cost more than $1.5 billion but that Maine ratepayers would pay only 8% of that because the cost of the project would be socialized among ratepayers in all New England states.

The Commission's task is to determine whether it agrees with CMP that a need exists to improve the reliability of CMP's transmission network, and if there is a need, whether CMP's proposed solution is a reasonable and least-cost solution (other solutions might include non-transmission alternatives such as conservation or distributed generation). CMP seeks a Commission decision by June 2009.

In terms of the number of parties, the Commission's MPRP proceeding is one of the largest ever. More than 150 persons or organizations have been granted intervenor status, including more than 125 persons who own property that abuts one of the transmission corridors where CMP would construct new lines. In October and November, fourteen days of technical conferences were held on CMP's filing, including two days for property abutter-parties to ask CMP specific questions about the transmission corridors next to which they live or work. The Commission also held two public witness hearings during November, one in Waterville and one in Lewiston, in which property abutters and other citizens could testify and present their views on CMP's proposal. The Commission expects to hold more public witness hearings during 2009.

2. <u>Maine Power Connection</u>

On July 1, 2008, MPS and CMP sought to construct a 345 kV electric transmission line from Limestone, Maine in MPS's service territory to a CMP interconnection near Detroit, Maine. The Petitioners call the project the Maine Power Connection, or MPC. If approved, the MPC would provide the first direct electrical connection between northern Maine and the southern Maine/New England bulk power grid, at an estimated cost of $625 million. MPS and CMP state that the MPC would also enable Aroostook Wind Energy, an 800 MW wind generation project, to be developed in Aroostook County.

MPS and CMP have requested that ISO-NE determine that the MPC is eligible for regional (or socialized) cost treatment. If the MPC is granted socialized rate treatment, MPS would join the ISO-NE regional transmission organization. Because its transmission rates would increase significantly if the MPC is not socialized, MPS states that the MPC will not be built if socialized treatment is denied. It is not known when ISO-NE will decide the issue.

About 30 intervenors have been granted party status, including generators, ratepayers, environmental groups, other T&D utilities and property abutters. Shortly after the case was filed, some parties moved to dismiss on the grounds that the petition was premature because ISO-NE has not decided the socialization issue and was not expected to do so soon. The Commission denied the motion to dismiss because it has discretion to proceed to process the case in light of important public policy issues raised by the proceeding. A procedural schedule is now being established that will process the case over the course of 2009.

3. <u>Saco Project</u>

In 2006, CMP requested to build a double–circuit, 115kV transmission line in the Saco area. CMP proposed to build the two circuits on single poles that would extend from Loudon Substation in Saco to a new substation near Saco Industrial Park, continuing on to a new substation near the Ross Road in Old Orchard Beach. CMP proposed that the new lines be placed in an existing corridor that would replace existing 34.5kV lines.

Many Saco residents from areas near the proposed route participated in the case, as did the City of Saco. Generally, the residents opposed building the new lines in the corridor because the existing poles are much shorter than the new poles would be – 35-to-40 feet compared to 85 feet. The residents also expressed concern about property values and health effects of electro-magnetic fields from the new lines, especially near the Saco Middle School, which abuts the existing 34.5kV corridor.

Multiple technical conferences were held throughout 2006 and 2007 to explore the electrical reliability needs of the area and various alternatives available to satisfy those needs. The Office of the Public Advocate (OPA) submitted testimony and the Commission staff presented two bench analyses. By February, 2008, the case was ready to go to hearings and Commission decision.

Based on requests by the City of Saco and suggestions by public witnesses at a hearing held in Saco in January 2008, the Commission suspended the litigation schedule and initiated a settlement process to explore an alternative route along the Maine Turnpike Authority (MTA) corridor that would avoid many of the residential neighborhoods (but not all) and the middle school. Commission precedent would permit an alternative route, even if it was more costly than the proposed route, as long as local officials preferred the alternative route and the cost difference was not unreasonable. Over the next seven months, the Commission worked with CMP and a subgroup of the parties to determine whether an alternative MTA route was possible. CMP did acquire sufficient real estate rights to make such a route viable. After residents along the MTA corridor were notified of the possibility of building a new transmission line along the MTA, they objected to City officials. Ultimately, the City did not state a preference for either route or the settlement process ended.

Hearings were held in October, 2008. Although CMP stated a preference for its originally-proposed route, the MTA route remained viable. Some local residents expressed a preference for the MTA route, if the Commission decides that a new 115 kV transmission line is needed (most of the residents disagreed that such a line is needed). Many of the residents also stated that, if needed, CMP should locate the new lines underground for health, safety and aesthetic reasons. CMP stated that constructing underground lines is not warranted except for aesthetic reasons and therefore ratepayers should not pay for the additional costs of underground lines. The Commission is expected to decide the case by the end of January 2009.

CMP Rate and Alternative Rate Plan Proceeding

CMP's predecessor alternative rate plan (ARP 2000), which took effect in 2001, expired on December 31, 2007. Pursuant to the terms of ARP 2000, the Commission initiated a proceeding to review CMP's earnings and revenue requirement at the conclusion of the plan (Docket No. 2007-215). As part of its earnings and revenue requirement filing, CMP also proposed that the Commission adopt a new rate plan, ARP 2008.

On July 1, 2008, after more than a year of litigation, the Commission issued an Order Approving Stipulation which contained the following provisions:

- a $20.3 million decrease in CMP distribution rates effective July 1, 2008;

- a new five-year ARP (ARP 2008) to take effect in January 2009;
- a formula by which CMP's distribution rates will be adjusted annually based on inflation less a productivity offset of 1%;
- an upper-end earnings-sharing provision in the event CMP's Return on Equity (ROE) exceeds 11% in any calendar year during ARP 2008;
- a five-year cycle trim program for vegetation management on CMP's distribution system;
- a set of service quality provisions intended to ensure CMP's reliability and customer service performance, including seven performance metrics and penalties of up to $5 million.

BHE Rate Case

BHE's alternative rate plan (BHE ARP) also expired on December 31, 2007. Similar to the provisions described above, the BHE ARP also required BHE to file revenue requirement information prior to the expiration of the ARP. As part of its filing, BHE proposed that it be authorized to increase its distribution rates by 9.76% on January 1, 2008, but BHE did not propose or recommend that the Commission adopt a new ARP for BHE (Docket No. 2006-661). BHE also proposed that its stranded cost rates be reduced by 21.84% on March 1, 2008.

On December 20, 2007 the Commission issued an Order Approving Stipulation which authorized BHE to increase its distribution rates by 2.04% on January 1, 2008. On March 4, 2008, the Commission issued another Order Approving Stipulation which ordered BHE to decrease its stranded costs rates by 39.24%.

Transmission Rates

Transmission rates changed on July 1, 2008 for all three IOUs. For CMP, transmission rates increased by 27%, due primarily to the cost of new projects in other states in the region that flow through CMP's regional transmission rates. For BHE, transmission rates increased by 47%, due primarily to its recently-constructed Northeast Reliability Interconnect coming into rates. Finally, MPS's transmission rates decreased by 25%, due to higher wheeling-out service revenues from generators within its system.

Energy East / Iberdrola Merger

On August 1, 2007, CMP and Maine Natural Gas Company (MNG) filed a petition for approval of the acquisition of Energy East, CMP and MNG's corporate parent, by Iberdrola,S.A, a corporation organized under the laws of the kingdom of Spain (Docket No. 2006-661). On January 10, 2008, the Commission received a Stipulation that recommended approval of the proposed merger subject to several conditions. The Stipulation set out 59 conditions, several containing a number of sub-parts. The conditions covered the following broad categories:

- reporting commitments; financial protections, which include credit rating, transaction costs protections, capital structure and liquidity; affiliate transaction protections;

- corporate governance; service quality monitoring;

- competitive parity in the generation market; safety and security issues at the former Maine Yankee site;

- ISO-NE participation; approval for transmission projects;

- "Additional Ratepayer Value" regarding the acquisition premium related to Energy East's purchase of CMP and the ratemaking treatment for AMI; and

- energy efficiency commitments, including a commitment to develop demand response programs and not to oppose increases in funding for Efficiency Maine.

On February 7, 2008, the Commission issued an Order finding that the proposed merger, subject to the conditions set forth in the Stipulation, was consistent with the interests of CMP's and MNG's ratepayers and thus approved the merger pursuant to the provisions of 35-A M.R.S.A. § 708. On September 16, 2008, the Commission received a letter from counsel for CMP informing the Commission that Iberdrola's proposed acquisition of Energy East had closed, and that Iberdrola was now the parent company of CMP and MNG.

KEY INVESTIGATIONS AND RULEMAKINGS

Resource Adequacy Plan and Long-Term Contracting

During its 2006 session, the Legislature enacted an Act to Enhance Maine's Energy Independence and Security. (P.L. 2005, ch. 677). One section of the Act addresses capacity resource adequacy by directing the Commission to establish an electric resource adequacy plan and authorizing the Commission to direct investor-owned T&D utilities to enter into long-term contracts for capacity resources and associated energy. As required by the Act, the Commission provisionally adopted rules (Chapter 316) to implement the resource plan and long-term contracting provisions of the Act and the Legislature subsequently authorized the final adoption of the rules without change. (Resolve 2007, ch. 35).

The Commission retained London Economics International to assist with the preparation of the resource adequacy plan and the solicitation and procurement of long-term contracts for capacity and energy resources. As provided for in the Commission rules, the Commission submitted to the Legislature an electric resource adequacy report during the 2008 session.

As also required by Chapter 316, the Commission issued a draft RFP and draft standard form contracts for public comment. (Docket No. 2008-104). In December, the Commission issued a RFP for Long-term Contracts for Capacity and Associated Energy (RFP). (Docket No. 2008-104). As specified in the RFP, the goal of the solicitation is to obtain long-term contracts that will provide electricity cost benefits for Maine consumers in one or more following forms:

- lower electricity supply costs for Maine consumers;
- hedge against market prices of electricity;
- offset costs resulting from new transmission; or
- provide a lower cost alternative to new transmission investment.

Initial proposals are required by the RFP to be submitted to the Commission by April 7th, 2009**.**

Promotion of Green Supply Products

During is 2007 session, the Legislature enacted an Act To Stimulate Demand for Renewable Energy.(P.L. 2007, ch. 403). Section 8 of the legislation allows for information regarding the availability of green power products (electricity supply and Renewable Energy Credits (RECs) that are certified by the Commission to be presented through inserts in customer utility bills, with consent and cooperation by the T&D utilities. To implement this Act, during 2008, the Commission initiated an Inquiry and subsequently convened a working group consisting of Commission staff, the investor-owned T&D utilities and suppliers.(Docket No. 2008-178).

The working group is looking at a program that includes the following elements:

- agreed upon standard contracts and terms and conditions under which T&D utilities will include green product information as inserts in customer bills;
- Commission certification of green supply products consisting of renewable resources as defined in Maine statute (35-A MRSA § 3210) and RECs certified by the Green-e Renewable Energy Certification Program; and
- inclusion on the supplier page of customer standard offer bills of a notice of a website that contains information on green supply products available in Maine.

Energy Infrastructure Corridors

During its 2008 session, the Legislature enacted an Act to Protect Maine's Energy Sovereignty through the Designation of Energy Infrastructure Corridors and Energy Plan Development. (P.L. 2007, ch. 656). Part A of the Act authorizes the Commission to designate "energy infrastructure corridors" and to issue certificates for the development of energy infrastructure within the designated corridors. The legislation directed the Commission to conduct two rulemaking proceedings to establish:

- rules to adopt standards and procedures for the designation of energy infrastructure corridors and the development of infrastructure within those corridors; and

- rules to adopt procedures to govern requests by utilities and developers for exemptions from municipal ordinances or Land Use Regulation Commission regulations.

The Commission completed the required rulemaking procedures during 2008 (Docket No. 2008-226 and 2008-331.

Net Energy Billing Shared Ownership

The Legislature also enacted Resolve, To Encourage Renewable Energy and Energy Conservation in Maine during its 2008 session.(Resolve 2007, ch. 183). Section 3 of the Resolve directs the Commission to adopt rules to allow for net energy billing under shared ownership. The Resolve specifies that these rules are major substantive rules and, accordingly, in 2008, the Commission initiated a rulemaking proceeding to adopt provisional rules that would allow net energy billing for customers who share in the ownership of an eligible renewable facility (Docket No. 2008-410). The provisional rules would eliminate the requirement that the customer account be in the vicinity of the generating facility, allow for customers that have a legal interest in a renewable facility to net bill against up to 10 accounts within a T&D utility service territory, and increase the generation capacity limit from 100 kW to 500 kW.

COU Load Aggregation

Finally, during its 2008 session the Legislature enacted an Act To Authorize Load Aggregation for Consumer-owned Electric Utilities.(P.L. 2007, ch. 481). The Act provides for the Commission to authorize COUs to aggregate the loads of customers within their service territories for the purpose of providing generation service, and requires the Commission to adopt implementing rules. Consistent with the goals of the COUs, the Commission has interpreted the Act to allow the COUs to aggregate load to obtain or provide standard offer service at lower costs by restricting customer migration. Accordingly, in 2008, the Commission reopened its standard offer rule to incorporate provisions governing COU load aggregation (Docket No. 2008-463).

REGIONAL MATTERS AND FERC PROCEEDINGS

ROE Incentive Adder Cases

The Commission has been a party and, in some cases a lead party, in protesting requests by New England transmission owners, including CMP and BHE, for higher rates of return for investment in new transmission projects. The first of these cases, in which FERC granted a higher rate of return for all transmission projects approved by ISO-NE that are completed by December 31, 2008, has been appealed to federal court by the Commission, the Connecticut Department of Public Utility Control and the New England Conference of Public Utilities Commissioners (NECPUC). In addition, the Commission has been a lead protestor in numerous cases in which transmission owners have sought a higher rate of return for specific projects, including the two Maine projects and several projects in southern New England. The Commission and other regulatory agencies have argued that the higher rates are not justified because transmission owners are already contractually obligated to undertake these projects. In spite of the fact that the requested higher returns will cost New England ratepayers hundreds of millions of additional dollars over the lives of these projects, FERC has routinely approved higher rates. Rehearing requests of these decisions have been filed and are pending at FERC.

Jurisdiction over Resource Adequacy

Another case in which the Commission has been an active participant during 2008 involves the issue of whether states or the FERC have the authority to determine how much capacity is needed to ensure a sufficient level of reliability. Several states, including Maine, have argued that the states have this authority. FERC and ISO-NE argue that FERC has this authority. An appeal of the FERC decision in which it asserted authority over this matter is pending in federal court.

ICAP Litigation

The Commission, as well as the attorneys generals from Connecticut and Massachusetts appealed FERC's approval of a settlement agreement involving charges for installed capacity. The settlement is commonly known as the Forward Capacity Market (FCM) settlement because it established an auction to acquire generation capacity. The FCM settlement also provided for transitional payments to generators through May 2010. The transition payments were the focus of the appeal, which was denied by the federal appeals court.

The Commission took a lead role in promoting the participation of demand resources in the FCM auction. Demand Resources have played a key role in the two auctions that have taken place so far. In the first auction 2500 MW of demand resources successfully bid into the auction and this number increased to more than 2900 MW in the second auction. The amount of demand response participating in these auctions was a primary factor in driving the capacity price to the bottom limit allowed under the auction.

The Commission has now focused its efforts on ensuring that the capacity auctions provided for under the settlement agreement work as intended and recognize both the significant participation of demand response in the auction and the locational differences between Maine and the rest of New England. Recent decisions by FERC appear generally supportive of the Commission's position on these matters.

Other FERC Cases

The Commission has been involved in numerous other cases involving wholesale electric rates charged either directly to consumers through the transmission tariff or indirectly through prices charged by standard offer providers and other retail suppliers. For example, the Commission led an effort to reduce and/or reallocate charges assessed to Maine consumers when generators run out of merit to provide voltage support, which occurs primarily in southern New England. As a result of a complaint filed by the Commission, ISO-NE changed the cost allocation for one category of these payments and also changed its operations to limit the circumstances in which generation will be required to run out of merit for voltage support. Since these changes were implemented, the charges have been significantly lower than in previous years. Currently pending is a related issue in which the Commission has asked FERC to direct ISO-NE to reduce or eliminate the capacity charges paid to generators that the Commission and NECPUC believes are duplicative of capacity payments paid to generators under the FCM settlement.

NECPUC Working Group on Cost Containment

NECPUC has recently formed a working group on cost containment to address the recent significant increases in transmission rates and major cost overruns that have occurred for virtually all New England transmission projects in the last few years. Although transmission rates are governed by FERC, this group is working with the New England transmission owners and ISO-NE to develop both changes in the processes of proposing and undertaking transmission projects and in developing measures for more rigorous oversight of these projects by the states and ISO-NE. Measures that may provide better incentives for cost containment will also be considered.

The Regional Greenhouse Gas Initiative

In June 2007, the Maine Legislature enacted P.L. 2007, ch. 317, An Act to Establish the Regional Greenhouse Gas Initiative Act of 2007 by which Maine joined other eastern states in a regional program to limit greenhouse gas emissions. Maine's RGGI statute established a cap-and-trade program for CO_2 emissions from in-state power plants. Effective in 2009, emissions are capped at 5.9 million tons per year until 2015, at which time emissions must ratchet down by 10% by the year 2018. Maine's RGGI statue directed the Maine Department of Environmental Protection (DEP) to promulgate rules to govern the program, including how the emissions allowances are assigned and sold, and required proceeds from allowance auctions to be administered by an Energy and Carbon Savings Trust (Trust) and used for certain specified purposes. The statute also required formation of the Energy Conservation Board

(ECB) to assist in the development, coordination and integration of Maine's efficiency program planning and implementation.

In September 2008, the first RGGI auction for CO_2 allowances was held. The auction was conducted on a regional basis by RGGI, Inc., which is a non-profit corporation created to support development and implementation of the participating states' CO_2 Budget Trading Programs. Six of the ten RGGI states, including Maine, participated in the auction. Allowances in the September auction were sold at a clearing price of $3.07 per ton, which reflected proceeds of $2.7 million for Maine's share of the allowances. The market monitor overseeing the auction on behalf of RGGI Inc., Potomac Economics, found no material concerns regarding the auction process or its results, and the participating states considered the auction a success. The second auction occurred in December 2008 and all ten states were prepared to participate. Again, all allowances sold but this time the clearing price was slightly higher at $3.38 per ton and a $2.9 million share for Maine.

During 2008, the Commission appointed the three-member Trust. As noted above, proceeds from the sale of Maine's CO_2 allowances must be administered by the Trust and used for specified types of public benefit programs, primarily electric energy efficiency. The Trustees are developing an emergency rule to disburse the first round of funding to residential fossil fuel conservation programs targeted to the low-income residential sector and a major substantive rule that will be submitted to the Legislature in January of 2009.

The ECB, whose members are appointed by the Commission, was also formed during 2008. The Board will assist the Commission and the Trustees in the development, coordination and integration of Maine's energy conservation efforts and provide advice and counsel to the Commission and the Trust on energy conservation and CO_2 reduction matters. The Board is composed of seven voting members representing various public and private sectors.

Additional information about the ECB and the Trust is available online at: http://www.maine.gov/mpuc/staying_informed/legislative/Maine%20Energy%20Council/EnergyConservationBoard.html.

Finally, during 2008, the Commission hired a staff coordinator for RGGI-related activities to assist its work with participating regional and in-state entities.

SUPPLY RESOURCES IN MAINE

Resources Serving Maine Customers

The Restructuring Act originally established a 30% resource portfolio standard (RPS), requiring electricity suppliers (including standard offer suppliers) to supply 30% of their Maine load from "eligible resources." The Act defined eligible resources to be generating units whose capacity does not exceed 100 MW and that produce electricity from tidal, fuel cells, solar, wind, geothermal, hydroelectric, biomass, or municipal solid waste in conjunction with recycling; that qualify as small power producers under federal regulations; or that are efficient cogeneration units.

In 2007, the Legislature expanded the RPS to also require that an additional amount of electricity come from “new” renewable resources, which are generally renewable facilities that have an in-service date after September 1, 2005. New renewable resources include fuel cells, tidal power, solar arrays and installations, geothermal installations, wind generators, hydroelectric generators that meet all state and federal fish passage requirements, and biomass generators including generators fueled by landfill gas. The “new” requirement (also referred to as “Class 1”) starts at one percent of load in 2008 and increases by one percent per year to ten percent in 2017, unless the Commission suspends the requirement pursuant to the provisions of the Restructuring Act.

Any generation facility used toward a supplier’s Class 1 RPS must be certified by the Commission. During 2008, the Commission certified twelve generators as Class 1 compliant, and seven additional applications were pending, for a total capacity of 280 MW. Summary information about the Class 1 facilities is shown in Figure 10 below:

Figure 10 - RPS Class 1 Resources

RPS Class 1 Eligible Resources

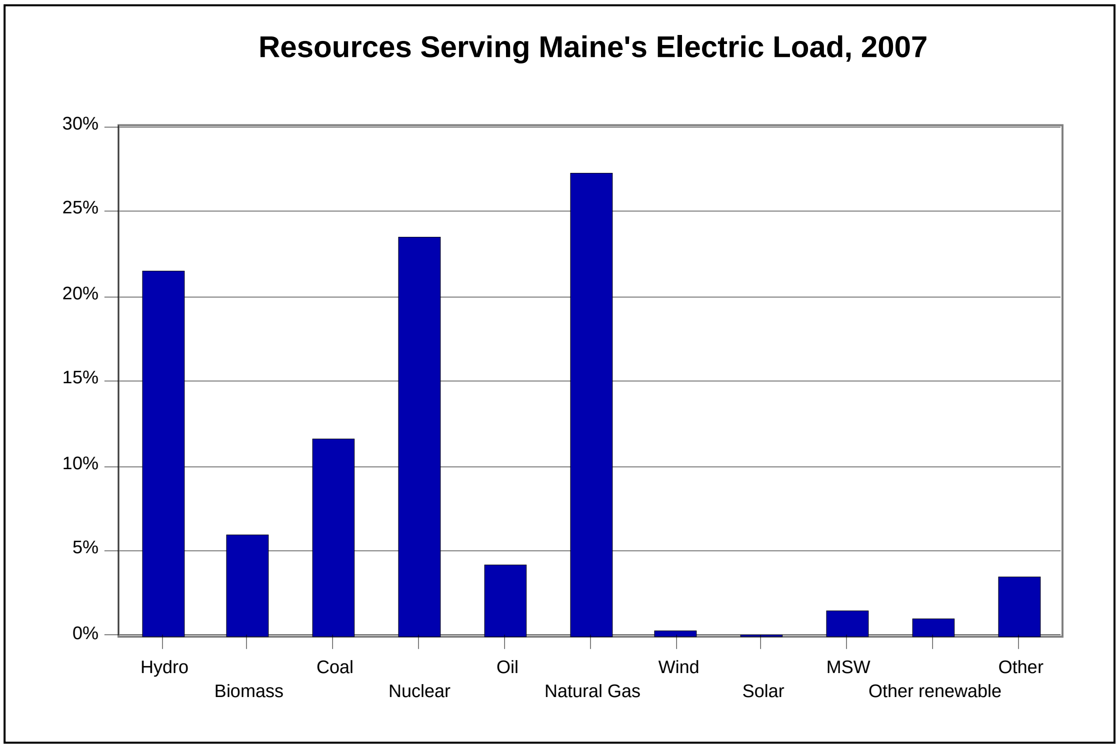
Facility	Location	Size (MW)	Resource Type	Notes
Greenville Steam Co.	Greenville, ME	19.0	Biomass	
PPL EnergyPlus	Orono, ME	4.8	Hydro	
Tow n of Kittery	Kittery, ME	0.5	Wind	
Loring Bioenergy	Limestone, ME	55.0	Biofuel	*Under review*
Lincoln Pulp and Paper	Lincoln, ME	13.5	Wood &process w aste	*Under review*
Evergreen WInd Pow er	Mars Hill, ME	42.0	Wind	
Seneca Energy II, LLC	Seneca Falls, NY	6.4	Landfill Gas	*Under review*
Modern Innovative Energy, LLC	Youngstow n, NY	6.4	Landfill Gas	
Innovative Energy Syst, Inc.; DANC	Rodman, NY	4.8	Landfill Gas	
Innovative Energy Syst, Inc.; Colonie	Cohoes, NY	4.8	Landfill Gas	
Indeck Energy-Alexandria, LLC	Alexandria, NH	16.0	Biomass	
Pine Tree Landfill	Hampden, ME	3.0	Landfill Gas	
Hyland Innovative Energy Syst.	Angelica, NY	4.8	Landfill Gas	
University of New Hampshire	Durham, NH	4.0	Landfill Gas	
Evergreen Wind Pow er V, LLC	Washington Cty, ME	57.0	Wind	
Wm Renew able Energy, LLC High Acres	Fairport, NY	6.4	Landfill Gas	*Under review*
Madison Pow er Industries	Madison, ME	3.0	Hydro	*Under review*
Wm Renew able Energy, LLC Chaffee	Chaffee, NY	4.8	Landfill Gas	*Under review*
Lempster Wind, LLC	Lempter, NH	24.0	Wind	*Under review*
TOTAL		**280.2**		

Suppliers can meet their Maine RPS obligations from plants located in Maine, or in neighboring states or regions. Compliance is tracked by the New England

Generator Information System (GIS), which is a regional platform for resource attribute trading and accounting.

Figure 11 below shows the mix of resources used by suppliers to serve Maine customers in 2007. Resource mix data for calendar year 2008 will be submitted by suppliers in July 2009 and provided in next year's report.

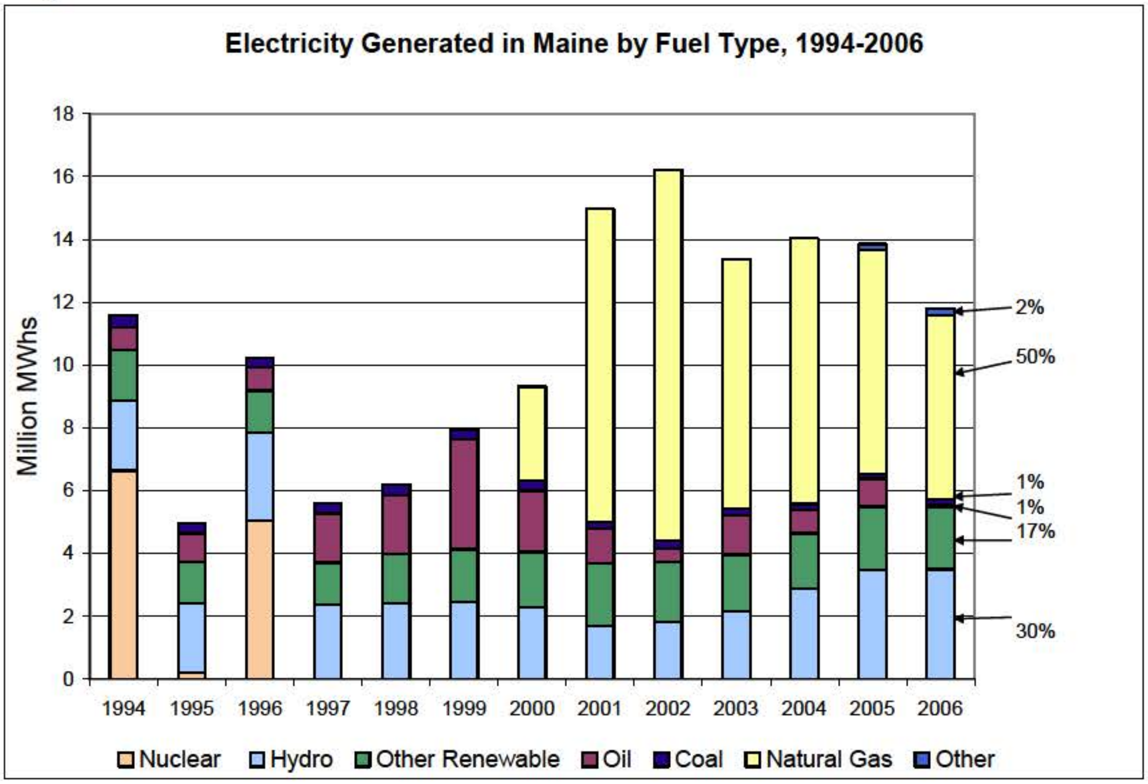
Figure 11



Electricity Generated in Maine

About 50% of the electricity produced by Maine plants is fueled by natural gas, with hydro-electricity being the next largest source. Appendix A provides a list of Maine plants, including the capacity and fuel type of each plant. Figure 12 shows Maine's generation levels and fuel mix over time, illustrating the trend toward greater in-state production overall, as well as greater reliance on natural gas.[2]

Figure 12



Uniform Disclosure Labels

Comparative information regarding electricity supply is provided to customers in "uniform disclosure labels" that contain a supplier's resource mix and emissions information. Residential and small commercial customer suppliers must provide a disclosure label to their customers quarterly, and suppliers to larger customers must provide the label upon request. Labels for standard offer service may be found on the Commission's web page at:
http://www.maine.gov/mpuc/industries/electricity/standard_offer/disclosure_labels_history.html

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[2] Data is obtained from the U.S. Department of Energy Energy Information Agency, which has not yet published more current information.

Appendix A – Generation Facilities in Maine

INFORMATION FROM ISO-NE 2008 CELT REPORT

GEN NAME	SUMMER CLAIMED CAPABILITY	GEN TYPE DESC	CUSTOMER NAME
YARMOUTH 4	603.488	O L STEAM	FPL Energy Power Marketing, Inc.
WESTBROOK	516.063	GAS COMB NED CYCLE	Calpine Energy Services, LP
MA NE INDEPENDENCE STATION	488.275	GAS COMB NED CYCLE	Dynegy Power Marketing, Inc.
WESTBROOK ENERGY CENTER G1	255.030	GAS COMB NED CYCLE	
WESTBROOK ENERGY CENTER G2	255.030	GAS COMB NED CYCLE	
RUMFORD POWER	244.940	GAS COMB NED CYCLE	Consolidated Edison Energy, Inc
BUCKSPORT ENERGY 4	156.805	GAS/OIL COMB NED CYCLE	H.Q. Energy Services (US) Inc.
ANDROSCOGG N ENERGY CENTER	127.386	GAS COMBUSTION (GAS) TURB NE	Energy New England LLC
YARMOUTH 3	115.508	O L STEAM	FPL Energy Power Marketing, Inc.
GREAT LAKES - M LLINOCKET	89.817	HYDRO (WEEKLY CYCLE)	Brookfield Energy Marketing Inc.
YARMOUTH 1	51.760	O L STEAM	FPL Energy Power Marketing, Inc.
YARMOUTH 2	51.131	O L STEAM	FPL Energy Power Marketing, Inc.
VERSO COGEN 1	45.042	GAS COMBUSTION (GAS) TURB NE	
BORALEX STRATTON ENERGY	45.024	BIO/REFUSE	Boralex Stratton Energy LP
VERSO COGEN 2	43.852	GAS COMBUSTION (GAS) TURB NE	
VERSO COGEN 3	43.027	GAS COMBUSTION (GAS) TURB NE	
S.D. WARREN-WESTBROOK	42.590	BIO/REFUSE	Constellation New Energy, Inc.
HARRIS 2	34.948	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
AEI LIVERMORE	34.695	BIO/REFUSE	Boralex Stratton Energy LP
HARRIS 3	34.210	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
GULF ISLAND COMPOSITE	32.970	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
CHAMPION	32.700	BIO/REFUSE	FPL Energy Power Marketing, Inc.
RUMFORD FALLS	31.686	HYDRO (WEEKLY CYCLE)	Brookfield Energy Marketing Inc.
WYMAN HYDRO 2	29.866	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
MONTY	28.000	HYDRO (DA LY CYCLE - PONDAGE)	FPL Energy Maine Hydro LLC
WYMAN HYDRO 1	27.362	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
WYMAN HYDRO 3	25.728	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
INDECK WEST ENF ELD	23.206	BIO/REFUSE	Indeck Maine Energy LLC
INDECK JONESBORO	23.117	BIO/REFUSE	Indeck Maine Energy LLC
MERC	22.301	BIO/REFUSE	FPL Energy Power Marketing, Inc.
PENOBSCOT RIVER HYDRO	21.937	HYDRO (DA LY CYCLE - RUN OF RIVER)	PPL EnergyPlus, LLC
PERC-ORRINGTON 1	20.851	BIO/REFUSE	Constellation Energy Commodities
SKELTON	19.704	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
WORCESTER ENERGY	17.959	BIO/REFUSE	Constellation New Energy, Inc.
BONNY EAGLE/W. BUXTON	17.500	HYDRO (DA LY CYCLE - PONDAGE)	FPL Energy Maine Hydro LLC
HARRIS 1	16.790	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
MADISON COMPOSITE	16.446	HYDRO (DA LY CYCLE - RUN OF RIVER)	Hess Corporation
CAPE GT 5	16.027	O L COMBUSTION (GAS) TURBINE	FPL Energy Power Marketing, Inc.
CAPE GT 4	15.981	O L COMBUSTION (GAS) TURBINE	FPL Energy Power Marketing, Inc.
GREENV LLE	15.605	BIO/REFUSE	Constellation New Energy, Inc.
W LLIAMS	14.900	HYDRO (DA LY CYCLE - PONDAGE)	FPL Energy Maine Hydro LLC
UNITED AMERICAN HYDRO-NEW	14.142	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
WESTON	13.200	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
BRUNSWICK	11.618	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
H RAM	11.600	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
ECO MAINE	10.877	BIO/REFUSE	Constellation New Energy, Inc.
PPL GREAT WORKS - RED SH ELD	10.471	BIO/REFUSE	PPL EnergyPlus, LLC
SHAWMUT	9.500	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
M LLER HYDRO	9.140	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation New Energy, Inc.
ELLSWORTH HYDRO	9.130	HYDRO (WEEKLY CYCLE)	PPL EnergyPlus, LLC
PEJEPSCOT	8.896	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
CATARACT EAST	8.000	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
WEST ENF ELD	7.472	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
LOCKWOOD	6.945	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
AZISCOHOS HYDRO	6.810	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
MEDWAY D ESELS 1-4	6.200	O L NTERNAL COMBUSTION	Constellation Energy Commodities
MESSALONSKEE COMPOSITE	4.400	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
BRASSUA HYDRO	4.203	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
BAR HARBOR D ESELS 1-4	4.150	O L NTERNAL COMBUSTION	Constellation Energy Commodities
SOMERSET	4.012	BIO/REFUSE	Constellation Energy Commodities
BENTON FALLS HYDRO	3.776	HYDRO (DA LY CYCLE - RUN OF RIVER)	Harvard Dedicated Energy Limited
Pine Tree LFGTE	2.870	BIO/REFUSE	FPL Energy Power Marketing, Inc.
BAR M LLS	2.675	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC

INFORMATION FROM ISO-NE 2008 CELT REPORT

GEN NAME	SUMMER CLAIMED CAPABILITY	GEN TYPE DESC	CUSTOMER NAME
PPL GREAT WORKS - RED SHIELD	10.471	BIO/REFUSE	PPL EnergyPlus, LLC
YARMOUTH 4	603.488	OIL STEAM	FPL Energy Power Marketing, Inc.
WESTBROOK	516.063	GAS COMB NED CYCLE	Calpine Energy Services, LP
MA NE INDEPENDENCE STATION	488.275	GAS COMB NED CYCLE	Dynegy Power Marketing, Inc.
WESTBROOK ENERGY CENTER G2	255.030	GAS COMB NED CYCLE	
WESTBROOK ENERGY CENTER G1	255.030	GAS COMB NED CYCLE	
RUMFORD POWER	244.940	GAS COMB NED CYCLE	Consolidated Edison Energy, Inc
BUCKSPORT ENERGY 4	156.805	GAS/OIL COMBINED CYCLE	H.Q. Energy Services (US) Inc.
ANDROSCOGGIN ENERGY CENTER	127.386	GAS COMBUSTION (GAS) TURB NE	Energy New England LLC
YARMOUTH 3	115.508	OIL STEAM	FPL Energy Power Marketing, Inc.
GREAT LAKES - M LLINOCKET	89.817	HYDRO (WEEKLY CYCLE)	Brookfield Energy Marketing Inc.
YARMOUTH 1	51.760	OIL STEAM	FPL Energy Power Marketing, Inc.
YARMOUTH 2	51.131	OIL STEAM	FPL Energy Power Marketing, Inc.
VERSO COGEN 1	45.042	GAS COMBUSTION (GAS) TURB NE	
BORALEX STRATTON ENERGY	45.024	BIO/REFUSE	Boralex Stratton Energy LP
VERSO COGEN 2	43.852	GAS COMBUSTION (GAS) TURB NE	
VERSO COGEN 3	43.027	GAS COMBUSTION (GAS) TURB NE	
S.D. WARREN-WESTBROOK	42.590	BIO/REFUSE	Constellation New Energy, Inc.
HARRIS 2	34.948	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
AEI LIVERMORE	34.695	BIO/REFUSE	Boralex Stratton Energy LP
HARRIS 3	34.210	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
GULF ISLAND COMPOSITE	32.970	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
CHAMPION	32.700	BIO/REFUSE	FPL Energy Power Marketing, Inc.
RUMFORD FALLS	31.686	HYDRO (WEEKLY CYCLE)	Brookfield Energy Marketing Inc.
WYMAN HYDRO 2	29.866	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
MONTY	28.000	HYDRO (DA LY CYCLE - PONDAGE)	FPL Energy Maine Hydro LLC
WYMAN HYDRO 1	27.362	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
WYMAN HYDRO 3	25.728	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
INDECK WEST ENF ELD	23.206	BIO/REFUSE	Indeck Maine Energy LLC
INDECK JONESBORO	23.117	BIO/REFUSE	Indeck Maine Energy LLC
MERC	22.301	BIO/REFUSE	FPL Energy Power Marketing, Inc.
PENOBSCOT RIVER HYDRO	21.937	HYDRO (DA LY CYCLE - RUN OF RIVER)	PPL EnergyPlus, LLC
PERC-ORR NGTON 1	20.851	BIO/REFUSE	Constellation Energy Commodities
SKELTON	19.704	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
WORCESTER ENERGY	17.959	BIO/REFUSE	Constellation New Energy, Inc.
BONNY EAGLE/W. BUXTON	17.500	HYDRO (DA LY CYCLE - PONDAGE)	FPL Energy Maine Hydro LLC
HARRIS 1	16.790	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
MADISON COMPOSITE	16.446	HYDRO (DA LY CYCLE - RUN OF RIVER)	Hess Corporation
CAPE GT 5	16.027	OIL COMBUSTION (GAS) TURB NE	FPL Energy Power Marketing, Inc.
CAPE GT 4	15.981	OIL COMBUSTION (GAS) TURB NE	FPL Energy Power Marketing, Inc.
GREENV LLE	15.605	BIO/REFUSE	Constellation New Energy, Inc.
WILLIAMS	14.900	HYDRO (DA LY CYCLE - PONDAGE)	FPL Energy Maine Hydro LLC
UNITED AMERICAN HYDRO-NEW	14.142	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
WESTON	13.200	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
BRUNSWICK	11.618	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
HIRAM	11.600	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
ECO MA NE	10.877	BIO/REFUSE	Constellation New Energy, Inc.
SHAWMUT	9.500	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
M LLER HYDRO	9.140	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation New Energy, Inc.
ELLSWORTH HYDRO	9.130	HYDRO (WEEKLY CYCLE)	PPL EnergyPlus, LLC
PEJEPSCOT	8.896	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
CATARACT EAST	8.000	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
WEST ENFIELD	7.472	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
LOCKWOOD	6.945	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
AZISCOHOS HYDRO	6.810	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
MEDWAY DIESELS 1-4	6.200	OIL NTERNAL COMBUSTION	Constellation Energy Commodities
MESSALONSKEE COMPOSITE	4.400	HYDRO (DA LY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
BRASSUA HYDRO	4.203	HYDRO (DA LY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
BAR HARBOR D ESELS 1-4	4.150	O L NTERNAL COMBUSTION	Constellation Energy Commodities
SOMERSET	4.012	BIO/REFUSE	Constellation Energy Commodities
BENTON FALLS HYDRO	3.776	HYDRO (DA LY CYCLE - RUN OF RIVER)	Harvard Dedicated Energy Limited
Pine Tree LFGTE	2.870	BIO/REFUSE	FPL Energy Power Marketing, Inc.

Pine Tree LFGTE	2.870	BIO/REFUSE	FPL Energy Power Marketing, Inc.
BAR MILLS	2.675	HYDRO (DAILY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
EASTPORT DIESELS 1-3	2.600	OIL INTERNAL COMBUSTION	Constellation Energy Commodities
MMWAC	2.556	BIO/REFUSE	Constellation Energy Commodities
NORTH GORHAM	1.866	HYDRO (DAILY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
FT HALIFAX	1.800	HYDRO (DAILY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
BHE SMALL HYDRO COMPOSITE	1.724	HYDRO (DAILY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
HARRIS 4	1.436	HYDRO (WEEKLY CYCLE)	FPL Energy Maine Hydro LLC
YORK HYDRO	0.878	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
PITTSFIELD HYDRO	0.877	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
KENNEBAGO HYDRO	0.686	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
LEWISTON U5	0.640	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
KEZAR LEDGEMERE COMPOSITE	0.633	HYDRO (DAILY CYCLE - RUN OF RIVER)	FPL Energy Power Marketing, Inc.
GARDINER HYDRO	0.613	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
J & L ELECTRIC - BIOMASS II	0.490	BIO/REFUSE	Constellation Energy Commodities
SWANS FALLS	0.410	HYDRO (DAILY CYCLE - RUN OF RIVER)	Public Service Company of New Hampshire
BARKER LOWER HYDRO	0.390	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
KENNEBEC WATER U5	0.387	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
WAVERLY AVENUE HYDRO	0.295	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
BROWNS MILL HYDRO	0.222	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
BARKER UPPER HYDRO	0.219	HYDRO (DAILY CYCLE - RUN OF RIVER)	Ridgewood Maine Hydro Partners, L.P.
PIONEER DAM HYDRO	0.198	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
ROCKY GORGE U5	0.182	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
EUSTIS HYDRO	0.135	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
J & L ELECTRIC - BIOMASS I	0.110	BIO/REFUSE	Constellation Energy Commodities
CORRIVEAU HYDROELECTRIC LLC	0.073	HYDRO (DAILY CYCLE - PONDAGE)	PPL Maine, LLC
GREENVILLE HYDRO	0.044	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
SYSKO WIGHT BROOK	0.025	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
SYSKO GARDNER BROOK U5	0.014	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
SYSKO STONY BROOK	0.012	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
DAMARISCOTTA HYDRO	0.005	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
FIEC DIESEL	0.000	OIL INTERNAL COMBUSTION	Vermont Public Power Supply Authority
SPARHAWK	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	PPL Maine, LLC
GREAT WORKS COMPOSITE	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
HACKETT MILLS HYDRO	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
MECHANIC FALLS HYDRO	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities
TCPMCMPAGF GEN1 U5	0.000	BIO/REFUSE	TransCanada Power Marketing, Ltd.
MEAD	0.000	COAL STEAM	Constellation New Energy, Inc.
MARSH POWER	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation New Energy, Inc.
LEWISTON CANAL COMPOSITE	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	FPL Energy Maine Hydro LLC
NORWAY HYDRO	0.000	HYDRO (DAILY CYCLE - RUN OF RIVER)	Constellation Energy Commodities

Note - in addition to the above, the following generators are located in northern Maine and are not part of ISO-NE

Facility	Owner	Fuel Type	Capacity (MW)
Boralex Ashland	Boralex	Biomass	38
Boralex Ft Fairfield	Boralex	Biomass	32
Tinker	Integrys	Hydro	35
Caribou Steam	Integrys	Oil	23
Diesel Units, various locations	Integrys	Diesel	17
Mars Hill	UPC Wind	Wind	42

NATURAL GAS

GAS REGULATION IN MAINE

The Commission approves the service terms and rates charged by Maine's natural gas utilities to ensure that they are reasonable and just. In addition, the Commission investigates and approves proposed sales, acquisitions or mergers among corporations owning gas utilities doing business in the State. The Commission also reviews and analyzes gas purchasing strategies and pricing options that can stabilize natural gas prices that Mainers pay.

There are three natural gas local distribution utilities serving Maine. Northern Utilities, Inc. (Northern) serves the south-central area, primarily in greater Portland and Westbrook, greater Lewiston/Auburn and Biddeford, Saco and Kittery. Northern and its predecessors have served Maine for over 150 years and have approximately 27,000 customers. Two other gas companies began service in 1999. Maine Natural Gas Corporation (Maine Natural Gas) serves primarily in the Windham, Gorham, Brunswick and Topsham areas. Bangor Gas Company, LLC (Bangor Gas) serves the greater Bangor area, including Orono, Old Town, Brewer and Bucksport.

In addition to its rate and service responsibilities, the Commission oversees the safety aspects of intrastate natural gas utility operations and facilities, as well as of certain propane facilities, by conducting inspections and enforcing utility compliance with state and federal safety regulations.

KEY EVENTS

- The Commission approved the sale of Northern by NiSource, Inc. to Unitil Corporation, a New England electric and gas corporation. The transaction closed on December 1, 2008. Northern was renamed Unitil.
- The Commission directed a Management Audit of Northern's operations and safety practices that identified numerous improvements that Unitil agreed to implement in 2009.
- The Commission approved a comprehensive settlement of nine safety compliance actions in which Northern agreed to pay a substantial monetary penalty and to make several million dollars worth of safety improvements to its facilities for which it will not receive rate recovery. This matter is discussed in detail in the Gas Safety section of this Annual Report.
- The Commission approved a settlement to address Northern's failure to obtain timely meter readings in which Northern agreed to implement Automated Meter Reading technology for use no later than January 1, 2010.
- The Commission approved a 30% bill discount for eligible low income customers that Unitil began implementing in December 2008.

- The number of Maine consumers converting to natural gas grew at a greatly accelerated pace in 2008 because its favorable price value as a heating and commercial process fuel compared to the extremely high world price of oil and its derivative fuels.

INDUSTRY TRENDS

Regional Issues

Over the last ten years Maine, New England and the nation saw increased demand for gas for electric generation and other uses. Gas-fired electric generation plants located in Maine consumed approximately 74% of the natural gas used in Maine in 2007. This heightened demand for gas raised interest in liquefied natural gas (LNG) and numerous import facilities have been proposed along the East and Gulf coasts, including two terminals proposed for Washington County that are under review by the Federal Energy Regulatory Commission.

The Commission is monitoring those proposals, as it has other infrastructure projects such as the Maritimes & Northeast Pipeline's Phase IV expansion, which began service on January 15, 2009. The Maritimes expansion doubled its capacity to allow it to bring LNG imports from a facility in New Brunswick (Irving's Canaport) to Northeast markets in 2009. Maritimes is currently proposing a Phase V expansion to accommodate additional resources anticipated from wells located off the Canadian Maritimes.

While interstate facilities such as Maritimes & Northeast may be regulated by federal authorities, the Commission works with state and federal agencies involved in the construction and regulation of these entities to ensure appropriate and adequate, but not onerous, public review of issues that fall within the Commission's purview. Those may include rates interstate pipeline companies charge Maine shippers and consumers, service terms, regional energy policy directives, and safety issues. A rate increase proposal by the Portland Natural Gas Transportation System is currently undergoing a review before the FERC.

Security

Commission staff continued in 2008 to participate in weekly New England Governor's Conference Summer and Winter Fuels Monitoring Calls. The Commission also contributes to the Maine Emergency Management Agency's efforts to ensure adequate preparation by utilities that are vulnerable to winter fuel shortages, lost work force due to a pandemic, the threat of terrorist attack, or drastic price spikes.

Competitive Gas Supply

Since 1999, commercial and industrial customers have been free to enter into competitive gas supply arrangements, taking delivery-service only from the utility that operates local distribution pipelines. Over half of all deliveries made by Maine's three natural gas utilities in 2007, not including deliveries to electric generators, were supplied by competitive gas providers.

However, Northern's mandatory capacity assignment charges, in place since 2006, have made it less cost effective for some customers to purchase gas from a competitive supplier causing them to return to utility sales service. The number of competitive natural gas suppliers that do business in Maine has dropped to fewer than three.

The Commission will continue to monitor the progress that gas supply competition is making in Maine and the region and the effect of Maine's regulatory policies on these markets.

Gas Service Quality Issues

The Commission actively monitors customer service and safety standards to ensure adequate performance by the merged companies. The Commission has developed incentive mechanisms, conditions on reorganizations, and other methods that aim to improve or maintain customer service and safety standards for Maine's largest gas utility (Northern). The Service Quality Plan (SQP) requires Northern to maintain specified levels of service performance for eleven measures or be subjected to monetary penalties.

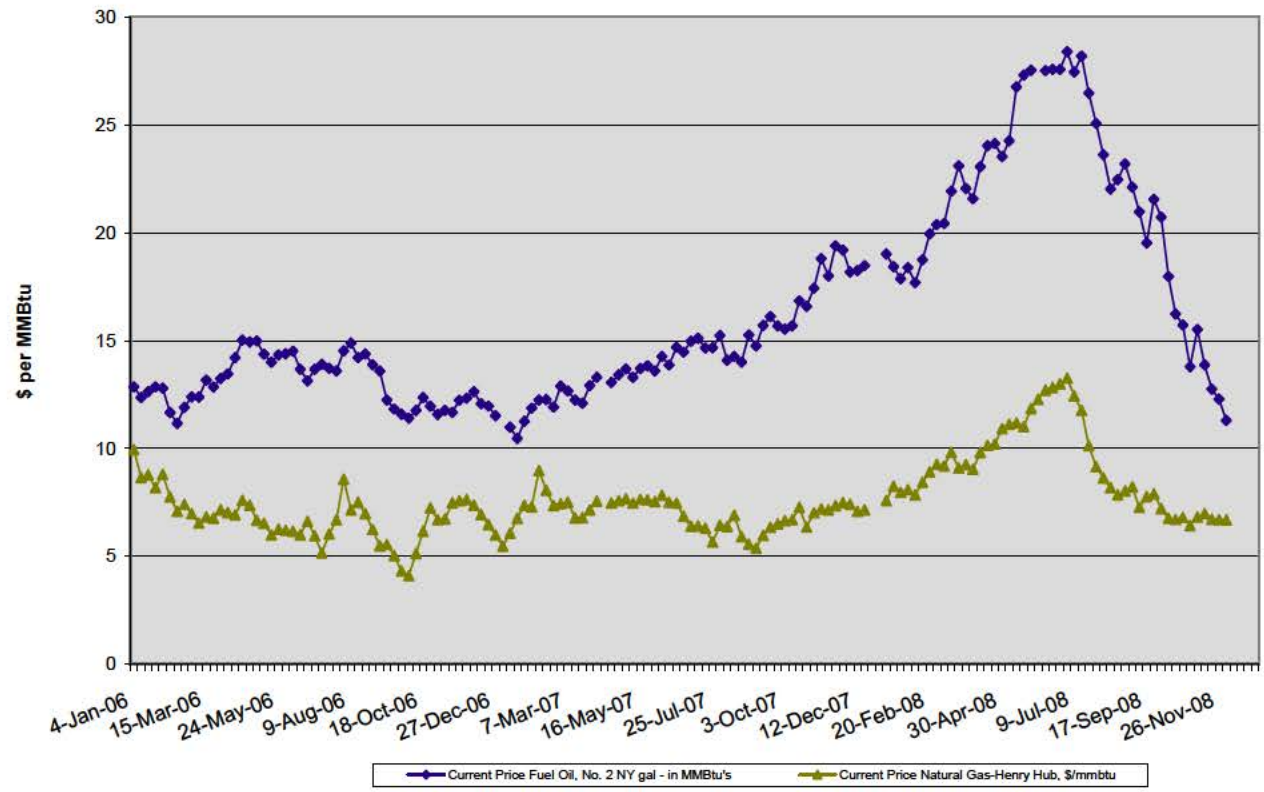
In 2008, Commission staff, Northern, and the Office of the Public Advocate (OPA) entered an agreement under which Northern returned $235,625 as a bill credit to customers in July 2008 as a penalty for meter-reading service deficiencies from 2004 through 2006. In addition, Northern agreed to invest in automated meter-reading technology, of which $316,000 of the program investment will be borne by Northern's shareholders.

Consumer Prices

By statute, Maine gas utilities pass through the cost of gas supply used to serve their customers, with no profit adder. To a large degree, the cost of the gas that utilities purchase is determined by the world gas market price on the date of purchase. Market prices reflect the relationship between supply and demand. The Commission reviews all proposed gas utility cost of gas rates to ensure that the rate accurately reflects the utility's gas costs.

In 2006, spot market prices for natural gas ranged from approximately $4.00 to $8.50 per MMbtu, averaging approximately $6.50 for the year. In 2007, prices ranged from approximately $5.40 to $7.80 and hovered around $7.25 for much of the year. The year 2008 first brought increasing prices, from about $8.00 to a high of around $14.00 per MMBtu. The second half of the year saw decreasing gas market prices to around $6.40 per MMBtu. While decreased prices are welcome news, gas prices are susceptible to spiking if extreme weather events or other supply disruptions occur. The chart below shows prices for 2006 through 2008.

Home Heating and Natural Gas Prices



The chart above also demonstrates the relative economy of natural gas when compared to current heating oil prices. In 2008, many Maine residents turned to natural gas as an economical heating fuel. Maine's gas utilities reported a substantial increase in new customers in 2008 due in large part to natural gas's price advantage over extremely high heating oil prices that prevailed through most of 2008.

Northern's hedging and gas purchasing strategies continued to help stabilize gas commodity rates for customers again during the winter of 2007-2008. These strategies are expected to benefit Maine consumers again in the winter of 2008-2009.

The Commission's annual review of monthly cost–of-gas reports by Bangor Gas and Maine Natural Gas showed that the monthly cost–of-gas rate-setting mechanism continues to track market rates more closely than a seasonal (6-month) rate does. All three gas utilities offer consumers the option of even monthly payments year-round, to assist consumers in managing the effects adverse market conditions have on gas bills.

Conservation Programs

Northern continued to offer gas conservation programs that provide rebates to residential and commercial gas customers who install high-efficiency heating or water heating equipment, ENERGY STAR programmable thermostats or windows and commercial and industrial infrared heating units or food service equipment.

Northern also offered comprehensive weatherization for eligible residential low-income heating customers, in conjunction with Community Action Program (CAP) agencies. Northern offered to residential heating customers a rebate of up to $25 for weatherization and water-usage reduction materials purchased and installed by the customer. Northern spent approximately $442,000 on the program between May of 2007 and April of 2008 to serve 599 participants. The installations will save consumers many multiples of that amount in offset energy costs and will provide total lifetime energy savings equivalent to the energy needed to provide heat and hot water for 3,035 typical homes a year. Increased participation in the program is expected in 2008 - 2009. The surcharge to cover these program costs in 2007-2008 was approximately 2.0 cents per 100 cubic feet for residential customers, or about $2.00 per month on the average monthly residential gas bill to support conservation programs.

MAJOR CASES AND EVENTS

Sale of Northern to Unitil

In March 2008, Northern and Unitil requested Commission approval of a proposed sale of Northern and its interstate pipeline affiliate, Granite State, to Unitil. The Commission conducted an investigation of the terms of the proposed sale and ultimately approved a Stipulation that contained numerous provisions to ensure that the change in ownership would not adversely affect Northern's customers. This included Unitil's agreement to;

- finish implementing the automated meter reading program that Northern had begun;
- implement a low-income discount program for gas customers eligible for the federal Low Income Home Energy Assistance Program (LIHEAP);
- conduct studies of whether Granite State should be merged into Northern to come under state regulation;
- implement operations and safety audit recommendations; and
- carry out remaining compliance and safety upgrade activities to which Northern had agreed in separate gas safety violations cases.

Other matters contained in the Stipulation included a rate stay-out of up to two years, a study of the treatment of an unused harbor-front parcel of property in Portland which has undergone remediation due to pollution, and various gas operations reporting requirements. Unitil stated that it would retain local employees but would change the utility's name from "Northern" to "Unitil."

Two other state utility commissions, the New Hampshire Public Utilities Commission and the Massachusetts Department of Public Utilities approved the proposed transaction on October 10, 2008 and November 18, 2008 respectively.

The Commission's final Order approving a settlement in Northern's gas safety violations case was issued on November 21, 2008, clearing remaining uncertainties that threatened to hinder the sale. The sale transaction closed on December 1, 2008. There is a transition agreement in place to allow Northern to assist Unitil in phasing into full operation of Northern's systems and customers should not notice any significant changes in their service.

Management Audit of Northern's Operations and Safety Practices

In 2007, following a number of serious incidents on Northern's system, the Commission opened an investigation and management audit of the company's safety practices to determine whether there were systemic issues that could jeopardize safe operation of the gas distribution system. This investigation was completed in August 2008 and recommended improvements have been, or will be, implemented by Unitil. For more information, see the Gas Safety section of this report below.

Low-Income Program

The Commission approved Maine's first natural gas utility charge discount, with Unitil's agreement, beginning December 2008. The discount is 30% of total service charges for all customers that are eligible for LIHEAP. Unitil will submit program costs for rate recovery the next time it comes in for a base rate adjustment.

Automated Meter Reading Technology

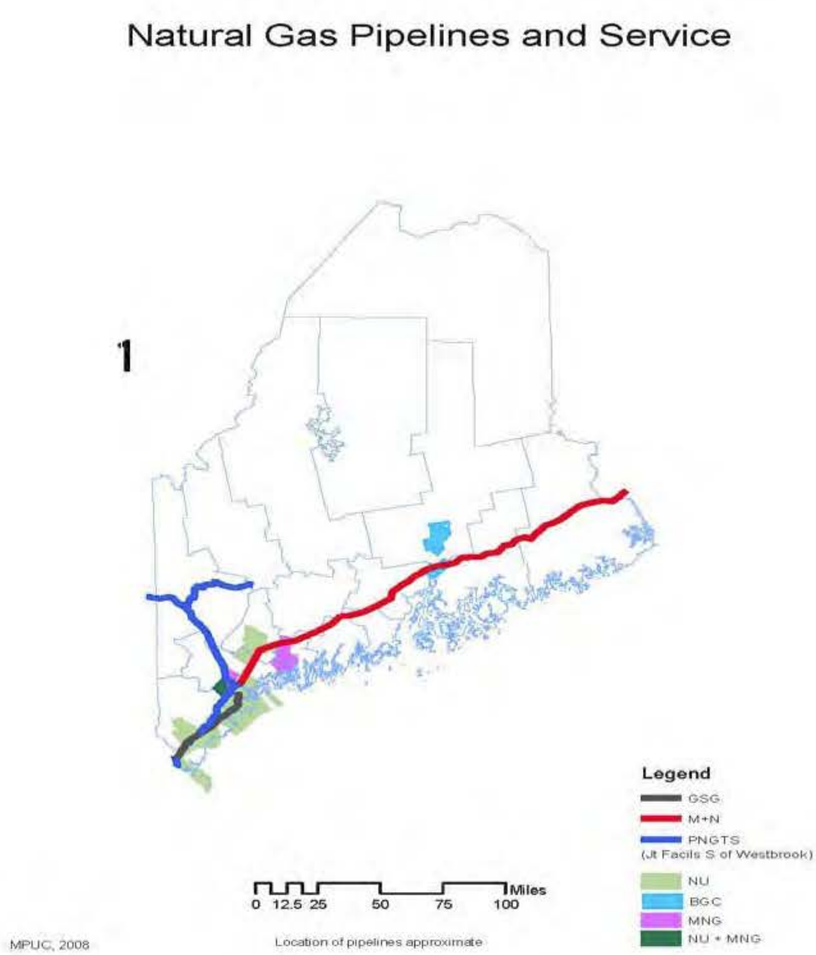
The Commission approved a settlement in Docket No. 2002-140 to address Northern's failure to obtain timely meter readings in which Northern agreed to implement Automated Meter Reading technology for use no later than January 1, 2010. This technology will enable Unitil to convert Northern's current bi-monthly estimated billing practice to monthly billing as required by Chapter 815 of the Commission's rules. Monthly billing is considered more accurate and acceptable to consumers and should alleviate billing problems that have arisen periodically in Northern's operations. Just prior to the sale closing, Northern reported that it had achieved approximately 80% installation on customers' meters of the individual AMR units. Unitil will complete the installation and proceed with the transition to monthly automated reading and billing by January 1, 2010.

LEGISLATIVE MANDATE

A review of Chapters 130, 420, 815 and 895 of the Commission's rules applicable to gas utilities was conducted pursuant to Resolve 2007, Chapter 168 as noted in the Legislative section of this Report.

MAP OF MAINE SERVICE AREAS AND PIPELINES

The map below shows the placement of major natural gas pipelines and local gas company service areas.



GAS SAFETY

GAS SAFETY REGULATION AND ENFORCEMENT IN MAINE

The Commission is responsible for the safety and reliability of gas distributed through 654 miles of natural gas mains. In addition, the Commission monitors the safety of 890 propane gas facilities that primarily serve multi-unit housing complexes and commercial buildings and operated by 53 propane distributors.

The Commission's authority for safety oversight is derived from both state and federal law. Chapter 420, Safety of Gas Transmission and Distribution Systems, of the Commission's rules adopts federal safety regulations for pipelines that transport hazardous gases to protect the public and govern the safe operation of distribution facilities within the State. The Commission is also a certified agent for the U.S. Department of Transportation's Pipeline and Hazardous Material Safety Administration (PHMSA) which shares in the cost of natural gas and propane safety enforcement. During 2008, the gas safety staff conducted 129 natural gas distribution inspections and 439 propane gas distributions compliance audits. They were performed to determine whether operators conformed to the design, construction, operating and maintenance requirements of the safety regulations.

The Commission has always carried out its responsibilities through a process of education, training and oversight with the goal of encouraging voluntary compliance. However, recent serious events and close scrutiny resulted in the Commission's issuing nine Notices of Probable Violations (NOPVs) to Northern Utilities (Northern) listing 53 probable violations and to 31 propane distributors for 702 probable violations.

KEY EVENTS

- The Commission concluded its investigations of several serious gas incidents associated with Northern's gas distribution system and issued nine NOPVs to Northern, pursuant to gas safety rules and federal regulations, over a period of time between December 2006 and May 2008.
- Northern and the Commission staff entered a comprehensive settlement of all alleged federal and state safety violations in which Northern agreed to implement a series of compliance actions and system improvements costing approximately $3.5 million.
- Unitil agreed to implement the recommendations made by auditors in the Commission directed Management Audit of Northern's Operations and Safety Practices, upon purchase of Northern.
- The Commission opened Docket No. 2008-151, an investigation into the costs and benefits of deploying a cast iron replacement program in the Portland area.

INDUSTRY TRENDS

The Commission's Gas Safety Program will continue to focus on compliance with all gas safety regulations, including new regulations governing the management of pipe integrity that will be issued by the federal authorities in 2009

MAJOR CASES AND EVENTS

Gas Safety Violations Settlement

In August of 2008, Northern and the Commission Gas Safety staff entered a comprehensive settlement of all alleged federal and state safety violations in which Northern agreed to implement a series of compliance actions and system improvements costing approximately $3.5 million and to pay a substantial monetary penalty. Specifically, Northern agreed to pay $2 million in penalties which will not be recovered in rates, a significant portion of which will go to safety improvements. Northern has also been required to spend an additional $1.5 million in safety improvements, most of which will not be recoverable in rates, to reach full compliance with the Commission's Order approving the settlement.

The issues resolved in the settlement included operator qualifications, operating procedures revision, paved over curb valve boxes, developing facility records required to document the Maximum Allowable Operating Pressure (MAOP) as required by federal gas safety regulations, assessing design adequacy of regulation station equipment and installing heaters and appropriately sized regulators, improving accuracy in underground facility location identification, and increasing the number of critical isolation valves. In addition, Northern agreed to make system improvements such as installing radio telemetry devices at remote regulation stations, moving high pressure meters and shutoffs outside of buildings, improving facility mapping accuracy using Global Positioning System (GPS) and Geographic Information System (GIS) technology and, to study the use of employing Ground Penetrating Radar (GPR to locate unmapped underground facilities.

Unitil assured the Commission that it would be capable and willing to fulfill Northern's agreements in the NOPV stipulation upon its purchase of the utility. Together, Northern's and Unitil's commitments to rectify the concerns raised in the NOPVs allowed the Commission to approve the settlement, finding that it comprehensively addressed the alleged violations.

<u>Management Audit of Northern's Operations and Safety Practices</u>

On October 9, 2007, the Commission initiated a broad investigation (Docket No. 2007-529) into whether recent accidents and incidents were an indication that Northern may not be providing "safe, reasonable, and adequate service to customers in Maine," as required by Maine law. This investigation was concluded in August 2008. The Commission obtained Unitil's agreement to implement the proposed 26 recommendations upon its acquisition of Northern which include improving managerial practices, safety training, improving mapping accuracy and facility record-keeping.

Cast Iron Replacement Program Investigation

By the end of 2008, pursuant to a Commission Order in Docket 2000-322, Northern completed the replacement of 64 miles of cast iron piping in the Lewiston-Auburn area with more reliable plastic piping. The Commission will investigate the costs and benefits of deploying a similar replacement program in the Portland area in Docket No. 2008-151.

LEGISLATIVE MANDATE

In conjunction with the mandate to review our gas safety rules in accordance with Resolve 2007, Chapter 168, the Commission reviewed the State regulations that apply to natural and propane gas distribution and liquefied natural gas facilities to ensure the adequacy of those laws. In addition, the Commission is in the process of clarifying and updating Chapter 420, Safety of Gas Transmission and Distribution Systems, of the Commission's rules. In addition, the U.S. Congress passed "The Pipeline Inspection, Protection, Enforcement, and Safety (PIPES) Act of 2006 which requires each natural and propane gas operator to implement a distribution piping integrity management program in accordance with federal and state rules that will be issued during 2009.

WATER

THE WATER INDUSTRY IN MAINE

There are more than 150 water utilities in Maine which fall into three categories: water districts, water departments and investor or privately owned companies. Water districts are quasi-municipal entities formed through Private and Special Laws enacted by the legislature. Water Districts may serve more than one municipality. Water Departments are a part of a local municipality. The Water Districts and Water Departments are considered “consumer-owned” and are not-for-profit entities. Privately owned water companies are owned by shareholders and are “for-profit” entities.

The Commission regulates the rates and services of water utilities. The Department of Health and Human Service’s Drinking Water Program regulates water quality through the enforcement of the Federal Safe Drinking Water Act. Finally, the Department of Environmental Protection is also involved in water utility issues, for example, with regulations on water sources.

KEY EVENTS

- On August 28, 2008, the Maine Supreme Judicial Court, in *Quiland v. Public Utilities Commission*, upheld the Commission’s decision (Docket No.2005-220) that the metering policy of Kennebunk, Kennebunkport, and Wells Water District (KKWWD) was just and reasonable within the meaning of 35-A M.R.S.A § 301(2). However, the Court vacated the portion of the Commission’s decision upholding the application of the metering policy because KKWWD failed to file the metering policy with the Commission as part of its terms and conditions of service.

- During 2008, the Commission addressed a number of water rate cases. The Commission conducts rate case investigations for all Section 307 filings and in instances under Section 6104 when customer petitions requesting an investigation of the rates were filed. In these cases, customers indicated a general dissatisfaction with increasing rates. Customers also raised complaints about utility management and operation practices, although these tended to apply to the smaller utilities.

- One of Maine’s larger water utilities, Kennebunk, Kennebunkport and Wells Water District (KKWWD) agreed to file a rate design case based upon a cost of service study as part of a settlement of a complaint proceeding. On January 23, 2008, the Commission approved the settlement and set specific dates and guidelines for the filing. The rate design case allows the Commission to evaluate the rates for both seasonal and year-round customers of KKWWD.

- As part of its Order approving the above settlement, the Commission also ordered KKWWD to submit a comprehensive engineering plan to evaluate KKWD's System Development Charge (SDC), which is a fee assessed on new customers to cover the cost of growth-related construction projects. The comprehensive plan will allow the Commission to evaluate the reasonableness of the existing charge and any necessary changes.

- On March 21, 2008, one of the smaller water utilities in Maine, Addison Point Water District, requested a rate increase of 41.3% and the Commission did an extensive investigation. During the investigation, the Office of Public Advocate helped the water district find much-needed volunteers in the community to become Trustees. The Commission approved a Stipulation that included an agreement by the District to enact many of the changes proposed by its customers related to the management of the District.

INDUSTRY TRENDS

Increasing Costs

Water utilities have been facing increasing costs for a number of years. These costs include common operating expenses such as electrical power and fuel. Other costs, such as chemical treatment, have also been rising due to manufacturing processes, cost of raw materials and shipping costs.

One of the largest costs for a water utility, however, is the cost to repair or replace infrastructure. Many water utilities have been serving customers for many years, some for more than a century, and the infrastructure that was built long ago is now reaching the end of its useful life. New infrastructure costs are allowed in rates over the life of the plant through depreciation. In addition, consumer-owned water utilities may also include in rates the full debt repayment for these projects. As a result, new infrastructure needs can drive substantial rate increases to water utility customers.

Loss of Major Customers

The major portion of the customer base for most water utilities is residential. However, water utilities with an industrial base have seen a decrease in water sales due to either the shut-down or slow-down of these operations. As a result, some utilities have to shift costs to the remaining customers, causing even larger rate increases.

Water Conservation

A large part of operating a water utility focuses on water conservation. Some conservation happens inside the utility. This type of conservation is gained primarily through leak detection on water mains, then the repair of any leaks, and monitoring of system water usage.

The other way a water utility promotes water conservation is through education of its customers. This might include posters, newsletter and bill stuffers telling customers how they can reduce their water consumption. Some water utilities offer, at cost, low-flow shower heads and other kits that can help customers reduce their usage.

MAJOR CASES AND EVENTS

KKWWD Cost of Service & Rate Design

In 2007, the Commission approved a Stipulation which required KKWWD to conduct a Cost of Service Study (Study) and, if warranted, submit a new rate design. This study would determine the total cost to provide water service and the proper allocation to current customers by class and other similar characteristics. The allocation is the basis of the rate design used to establish rates. The costs that are to be included in a Cost of Service study are all capital costs (through depreciation and debt service) and all operating costs necessary to provide water service to the District's customers. These costs make up the utility's revenue requirement to be recovered from its customers.

KKWWD submitted its study on May 16, 2008 and the investigation into the study and the proposed rates was still ongoing at the end of the year (Docket 2008-228). The proposed rates would allocate costs between year-round ratepayers and seasonal ratepayers.

KKWWD Comprehensive Plan and System Development Charge

In the same Stipulation as noted above, the Commission also ordered KKWWD to perform a Comprehensive Engineering Plan (Plan) and any related studies necessary to support its SDC and resulting revisions to its SDC. A SDC is a charge that a water utility, with Commission approval, can set and charge to new customers coming on to the water system. This charge is meant of help offset the large construction needed for high-growth areas.

The basis for the calculation of a SDC is a Comprehensive Engineering Plan which looks at the future capital needs of a water utility taking into account projects necessary due to estimated growth. In calculating the SDC, the cost of projects are allocated to both existing and future customers, depending on the project.

KKWWD submitted its Study on August 28, 2008 in Docket 2008-345 and the investigation into the Plan and the proposed SDC is still ongoing.

DIG SAFE

UNDERGROUND FACILITY DAMAGE PREVENTION AND ENFORCEMENT IN MAINE

The Commission enforces Maine's underground facilities damage protection law, (the Dig Safe law). [3] The law is intended to prevent damage to underground utility facilities, such as gas lines, water lines, or underground telecommunications and electric equipment, to avoid the associated safety hazards, service interruptions, and costs.

Under the Dig Safe law and the Commission's rule (Chapter 895) any person or company planning to excavate near underground facilities must follow certain safety procedures, and must notify the facility owners of the planned excavation. Large utilities can be notified through the inter-state Dig Safe Systems Inc. by calling 1-800-DIGSAFE, or online at www.digsafe.com. Municipal utilities and other non-members can be located through the Commission's OKTODIG program by calling 1-800 OKTODIG or online at www.oktodig.com. Utilities have an obligation to locate and mark their underground facilities in accordance with the Dig Safe law so that excavators will be sufficiently aware of their location when they are digging. Violations of the Dig Safe law and Chapter 895 must be reported to the Commission, which then investigates and determines the appropriate enforcement action. The Commission also holds training programs and provides public education materials to improve awareness and effectiveness of the law.

KEY EVENTS

- In 2008, Dig Safe System, Inc. activated an enhanced software mapping capability to more effectively locate underground facilities. Chapter 895 requires member utilities in Maine to provide the necessary location data for this mapping system.

- Chapter 895 was also modified during 2008 to require excavators to periodically renew Dig Safe notifications. This requirement addresses ongoing excavation jobs that extend beyond 30 days with the interest of refreshing and maintaining facility operator markings and identifying newly-installed underground facilities at the active excavation sites.

INDUSTRY TRENDS

Over the past five years, excavators have been accountable for 55% of the violations assessed by the Commission while facility operators have been responsible for 55% of the penalties assessed by the Commission.

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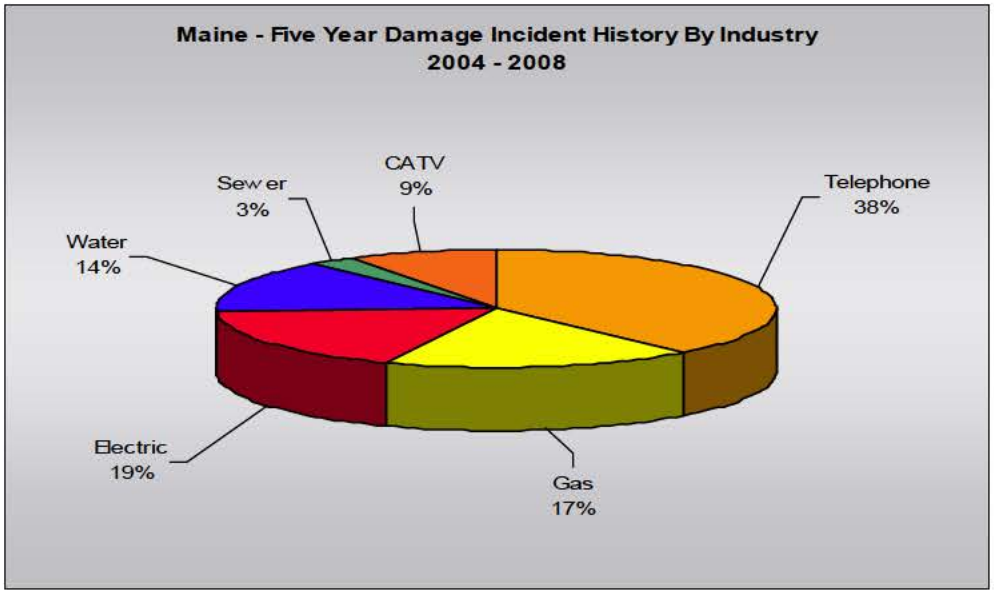
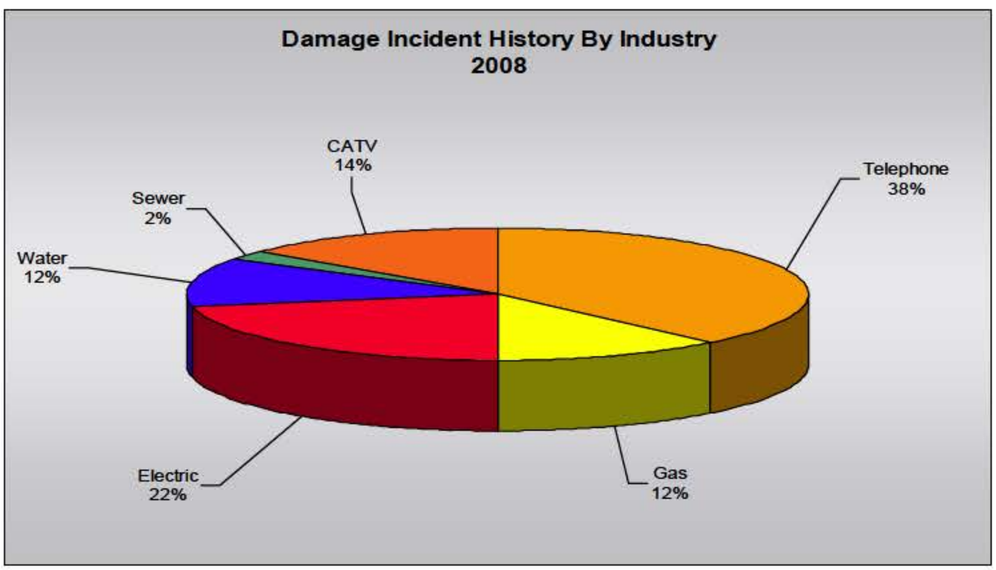
[3] 23 MRSA § 3360-A.

Telecommunications facilities experience the most damage incident activity, at least in part because there are more total miles of underground facilities compared to other utilities. Natural gas and electric facilities have stayed well below the telecommunications industry rate of incident on an average five year period.





Damage Incidents Per 100 Miles of Underground Facilities	
Telecommunications	1.1
Gas	2.6
Electric	3.8
Water/Sewer	1.4

MAJOR EVENTS

In response to recent damage incident activity that resulted in increased concern for the safety and welfare of the public and continued, uninterrupted delivery of utility services to customers and ratepayers, the Commission initiated more aggressive enforcement measures through the assessment of higher penalty levels to curb activities that placed people and underground services at risk. The Commission now imposes penalties up to $5,000 involving egregious or repeat offenders that demonstrate complacency or an unwillingness to comply with the safety requirements set forth in the Dig Safe law. Examples of damage incidents that resulted with increased penalty levels include excavators digging without notification to the Dig Safe System or non-member facility operators, excavation that was performed in a reckless or negligent manner, facility operators not responding to excavator notifications of planned excavations and facility operators locating and marking underground facilities in a reckless or negligent manner.

Reported Incidents by Industry	2004*	2005*	2006*	2007*	2008*
	417	372	449	419	288
Electric	71	58	99	67	64
Gas	71	93	62	62	35
Telecom	174	154	176	133	109
Water	57	40	58	54	34
Sewer	18	9	6	10	7
CATV	28	28	46	59	39
NOPVs Issued**	239	219	329	307	247
Penalties with NOPVs	$114,750	$109,000	$170,551	$213,500	$257,950
Penalties Waived with Training***	$32,000	$32,000	$44,000	$41,000	$38,750
Penalties Not Waived	$82,750	$77,000	$126,551	$172,500	$219,200
Excavator Violations	123	196	189	179	137
Operator Violations	119	143	155	153	118

* Includes outstanding damage incidents under investigation

** Notice of Probable Violation (NOPV). Recipients of NOPVs issued by Dig Safe staff may negotiate a settlement to be approved by the Commission. If settlement discussions are not successful, the Commission may initiate an adjudicatory investigation that can result in penalties.

*** When warranted, the Commission may waive penalties but require training for the recipients of NOPVs.

In 2007 and 2008, the Commission initiated a management audit that directed Maine's largest natural gas distribution company, Northern Utilities, to research additional technologies such as ground penetrating radar (GPR) applications and geographic positioning systems (GPS) to remedy inadequate facility location records for existing and new underground gas facilities. In 2008, natural gas incident rates dropped significantly compared to prior years, attributable, in part, to the gas company's adoption and incorporation of enhanced facility locating and marking practices within the organization.

Public Awareness, Training and Education

The Commission continues to work with utilities, excavators, the regional Dig Safe organization, and private property owners to promote education and training about how to reduce and prevent damage incidents involving underground facilities and ensure the safety of residents and property located near those facilities.

In March 2008, the Commission completed its fourth season of direct working directly with the Managing Underground Safety Team (MUST), which includes Maine Dig Safe members, excavating contractors and underground facility location workers. Training seminars were held in Presque Isle, Bangor, Waterville, Auburn, and Saco. Discussions focused on safe work practices around underground facilities, compliant excavation site and underground facility markings, the design of various underground facilities and the risks involved when proper damage prevention steps are not taken.

The Commission also sponsored 52 certification and/or informational sessions at various businesses, organizations, trade shows and the Commission. The Commission remains committed to providing training and education for any individual or organization seeking assistance in understanding the roles and responsibilities of excavators, facility operators, the regional Dig Safe organization and the Commission.

	2004	2005	2006	2007	2008
Commission Training & Education Sessions	20	31	36	46	52
Attendees	905	1139	1170	1279	2006

EMERGENCY SERVICES COMMUNICATION BUREAU

E9-1-1 SERVICES IN MAINE

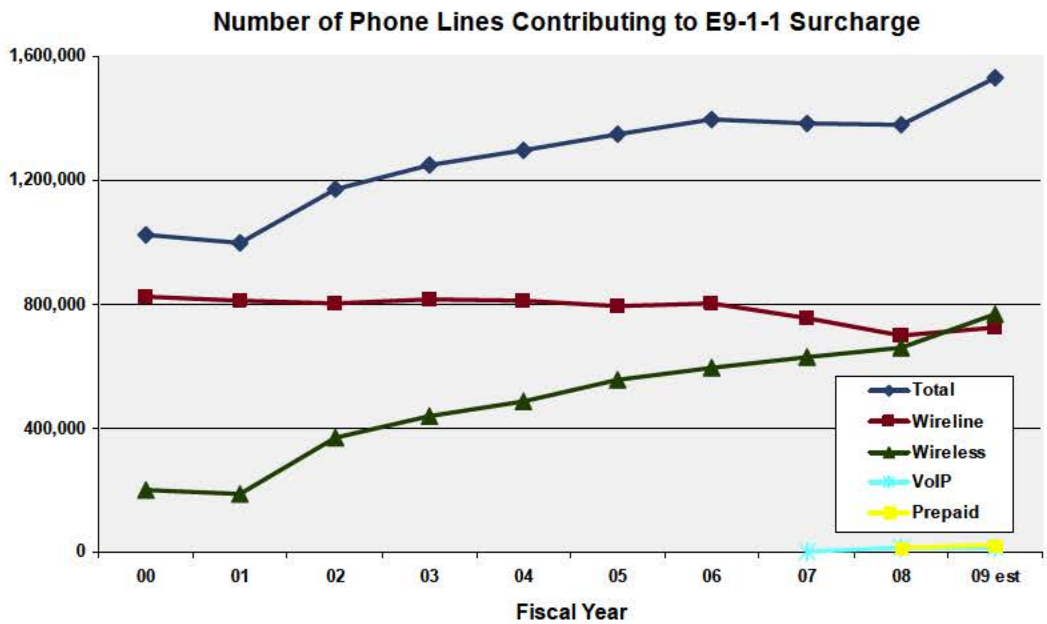
The Emergency Services Communications Bureau (ESCB) manages the statewide Enhanced 9-1-1 (E9-1-1) system, which is the component of the statewide emergency response system that displays the telephone number and physical location of an E9-1-1 caller to the calltaker at a Public Safety Answering Point (PSAP).

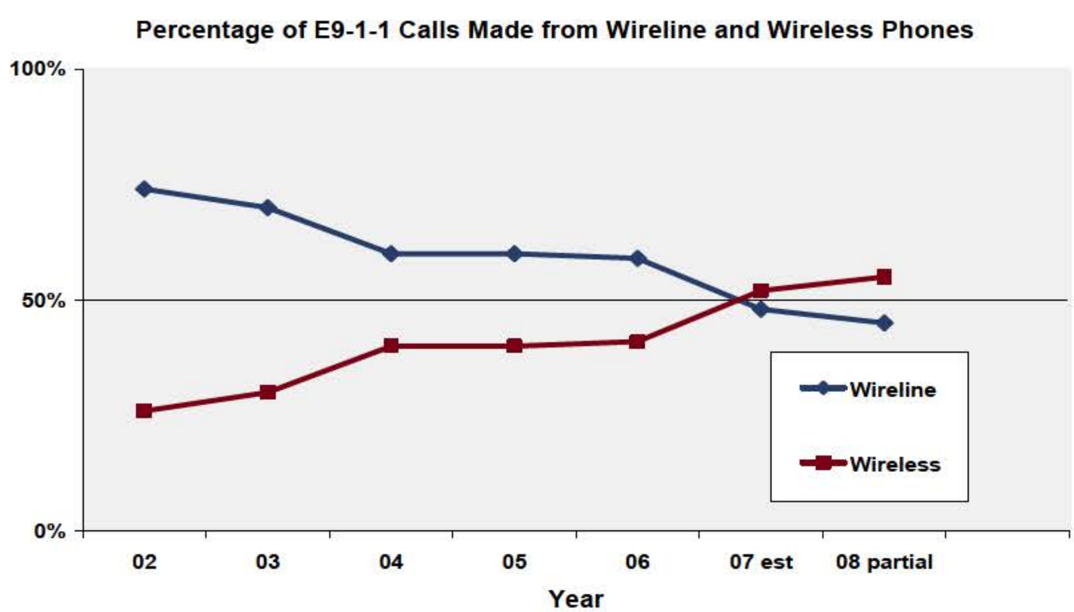
KEY EVENTS

- The ESCB carried out an extensive investigation to determine whether FairPoint Communications was capable of assuming the service provider contract held by Verizon Maine for the E9-1-1 system.
- Upgrades to E9-1-1 hardware and software at each of Maine's 26 PSAPs were completed. Maine's 26 consolidated PSAPs are shown at the end of this section.
- A statewide Emergency Medical Dispatch (EMD) contract was awarded, ensuring statewide standardization of emergency medical protocols by each PSAP calltaker.
- The Legislature enacted a law reducing the E9-1-1 surcharge rate from 50 cents to 30 cents per month.
- In 2008, for the first time, 100% of the population of Maine has E9-1-1 access from their home, business, wireless, or Voice over Internet Protocol (VoIP) telephones.

INDUSTRY TRENDS

- Wireless phones have accounted for an increasing portion of E9-1-1 calls and payments of the E9-1-1 surcharge.


Number of Phone Lines Contributing to E9-1-1 Surcharge
1,600,000
1,200,000
800,000
400,000
0
00
01
02
03
04
05
06
07
08
09 est
Fiscal Year
Total
Wireline
Wireless
VoIP
Prepaid


Percentage of E9-1-1 Calls Made from Wireline and Wireless Phones
100%
50%
0%
02
03
04
05
06
07 est
08 partial
Year
Wireline
Wireless

MAJOR CASES AND EVENTS

Sale of Verizon to FairPoint Communications

On April 1, 2008, FairPoint Communications, Inc. completed a transaction in which it assumed the local exchange and some long distance services formerly provided by Verizon New England. This sale was a significant event for the ESCB because Verizon was the statewide E9-1-1 service provider.

Throughout 2008, the ESCB monitored FairPoint's development of its own E9-1-1 systems and procedures for transferring control from Verizon to FairPoint's systems. ESCB's concern was to maintain an effective and seamless transition, ensuring that no emergency call to 9-1-1 goes unanswered. The Commission assigned the contract to FairPoint, and ESCB continues to participate closely in the E9-1-1 cutover preparations. Transition to FairPoint's systems will occur in January 2009.

The most critical component of the statewide E9-1-1 system is the address database, which allows the PSAP calltaker to identify a caller's location. The ESCB approved a new FairPoint database provider, Intrado, to house this vital function.

PSAP Hardware and Software Replacement

In December 2006, the ESCB started a replacement of hardware and software equipment at all 26 consolidated PSAPs. The project was coordinated with an extension to Verizon's contract and the Legislature's PSAP consolidation mandate and it addressed Federal Communications Commission (FCC) wireless and VoIP requirements. The technology upgrade was completed in February 2008. The ESCB trained over 220 PSAP calltakers and over 40 PSAP managers in use of the new software.

The upgrade allows caller location information to be displayed on a computerized map to assist the PSAP calltaker and dispatcher with timely emergency response. The caller's location or, at a minimum, the closest cellular tower is plotted on the map and local landmarks such as schools or fire stations may also be displayed to aid in identifying a location. The upgrade also allows for weekly E9-1-1 map updates over a secure network. This same network is used for managed services that include remote alarm monitoring, remote software updates, disaster recovery capability, and improvements in PSAP statistics.

Next Generation 9-1-1

"Next Generation 9-1-1" service (NG911) will allow calltakers to recognize the location of 9-1-1- calls from from any device (i.e. voice call, text messaging, video phone, long distance transfer, and other digital calling devices). The ESCB has begun preparing for NG911 through a variety of initial NG911 initiatives. The newly-upgraded, fully-digital PSAP equipment and networked managed services provide initial information about resources required by a technology called the Multi Protocol Label Switching (MPLS) network and the benefits provided by this system. In addition, the ESCB is watching closely the Federal Department of Transportation

(USDOT) NG911 project at five locations across the United States that will determine the feasibility of new digital technology. Concurrently, a USDOT rulemaking may result in a matching grant to the State of Maine for NG911 migration in calendar year 2009. ESCB's challenge will be to overlay NG911 without disrupting the current operating analog E9-1-1 system.

Emergency Medical Dispatch (EMD)

Maine law requires that the ESCB provide for and fund EMD training for PSAP personnel. The training instructs calltakers in the medical instructions to provide to a caller before an ambulance arrives. During 2008, 80 new calltakers attended 3-day training session and the ESCB assisted in securing a new vendor to provide ongoing, standardized EMD training.

LEGISLATIVE MANDATES

E9-1-1 Surcharge Reduction

Effective April of 2008, the Maine Legislature lowered the monthly E9-1-1 surcharge from $0.50 to $0.30, resulting in an annual loss of approximately $3.7 million (P.L. 2007, ch.r 637).

E9-1-1 Access Only (Soft Dialtone)

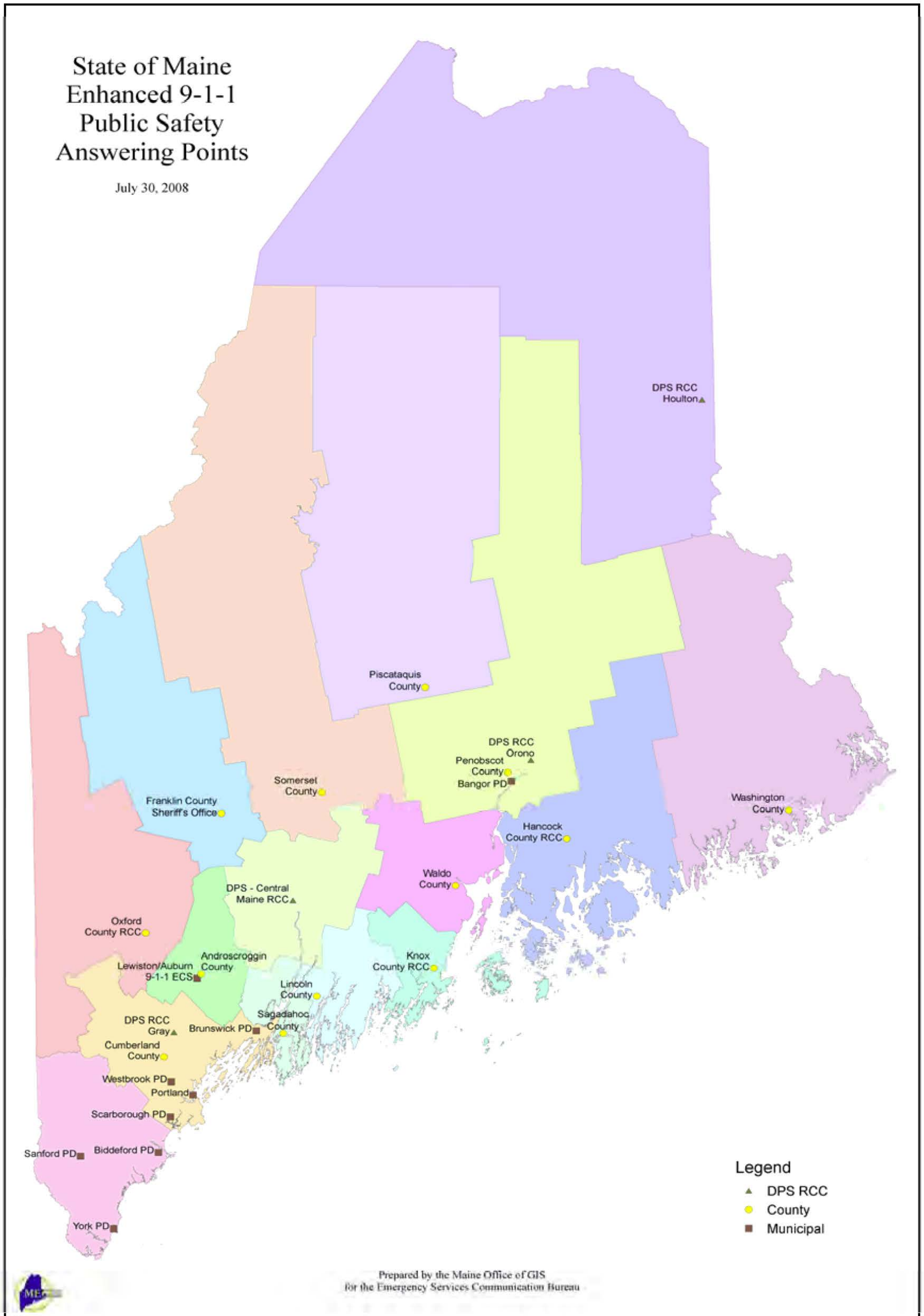
In 2007, the Maine Legislature enacted Resolve 2007, ch. 157 requiring local exchange carriers to provide E9-1-1 access to a residential customer's premises after the customer's service has been otherwise disconnected (soft dialtone). To carry out this law, the Commission promulgated Chapter 3 of the Commission's rules, which requires that soft dialtone be maintained during a period of temporary suspension, for 90 days after a customer has been involuntarily disconnected, and at any time that the customer can obtain a dialtone (Docket No. 2007-457).

Pre-Paid Wireless Service and VoIP

In December 2008, the Commission opened Docket No. 2008-505, a rulemaking to implement certain provisions of P.L. 2007, ch. 68 that clarify that providers of pre-paid wireless and VoIP service must collect and submit the E9-1-1 surcharge required by the law.

Department of Public Safety (DPS) PSAP Rate Setting

During 2008, the Legislature enacted P.L. 2007, ch. 622 requiring the Commission to establish the rates that DPS charges to provide PSAP services at their communications centers in Houlton, Orono, Augusta, and Gray. The Commission opened Docket No. 2008-225, which is expected to conclude in early 2009.


State of Maine
Enhanced 9-1-1
Public Safety
Answering Points
July 30, 2008
DPS RCC
Houlton
Piscataquis
County
DPS RCC
Orono
Penobscot
County
Bangor PD
Somerset
County
Franklin County
Sheriff's Office
Washington
County
Hancock
County RCC
Waldo
County
DPS - Central
Maine RCC
Oxford
County RCC
Androscroggin
County
Lewiston/Auburn
9-1-1 ECS
Knox
County RCC
Lincoln
County
Sagadahoc
County
DPS RCC
Gray
Brunswick PD
Cumberland
County
Westbrook PD
Portland
Scarborough PD
Sanford PD
Biddeford PD
York PD
Legend
DPS RCC
County
Municipal
Prepared by the Maine Office of GIS
for the Emergency Services Communication Bureau

ENERGY PROGRAMS

In 2002, the Legislature transferred responsibility for administering electric energy efficiency programs to the Commission (35-A M.R.S.A. § 3211-A). Prior to that, electric efficiency programs had been administered by the state's electric utilities. Section 3211-A directs the Commission to develop an overall energy conservation strategy and implement cost-effective efficiency initiatives. The law contains other directives on fund allocation, public input, contracts with service providers, program evaluation, and service distribution.

The Commission oversees a portfolio of energy conservation programs, all operated under the brand of "Efficiency Maine," which has become the primary focal point for Maine's efforts to reduce energy use. In 2008, Efficiency Maine offered six distinct programs to meet the dual goals of market transformation (educating the public and marketplace about efficiency options and where to buy and stock them) and resource acquisition (accounting for future avoided electricity generation through measured and verified energy conservation measures). These six electric efficiency programs are: Business, Residential, Low-Income; Building Operator Certification; High-Performance Schools and Education and Training.

Efficiency Maine is a statewide effort to promote the more efficient use of electricity, help Maine residents and businesses reduce energy costs, and improve Maine's environment. Efficiency Maine is funded by electricity consumers. As outlined in Section 3211-A(2)(A), Efficiency Maine's five primary objectives are to:

1. Increase consumer awareness of cost-effective options for conserving energy;

2. Create more favorable market conditions for the increased use of efficient products and services;

3. Promote sustainable economic development and reduced environmental damage;

4. Reduce the price of electricity over time for all consumers by achieving reductions in demand for electricity during peak use periods; and

5. Reduce total energy costs for electricity customers in the State by increasing the efficiency with which electricity is consumed.

KEY EVENTS

2008 was a significant year for Mainers and Efficiency Maine. While volatile fuel prices made it a turbulent year for Maine energy consumers, 2008 also presented new opportunities for Efficiency Maine to help residents and businesses make smart decisions about electricity consumption.

- A growing number of Mainers became concerned about how they would manage their energy costs and heat their homes, while Maine businesses felt the combined pinch of rising energy prices and a slowing economy. These factors made energy efficiency a front-page story. In unprecedented numbers, Mainers sought information and assistance in implementing efficiency measures to make their energy dollars go further, and Efficiency Maine delivered the highest level of electricity savings since its inception in 2002.

- Overall in 2008, Efficiency Maine saved 107,517 megawatt hours (MWh), a 24% increase in savings from 2007, worth an estimated $122.5 million in lifetime economic benefits, most of which remain in our State. This growth in savings is attributable to: rising energy prices; the growing "green" awareness of how energy consumption relates to climate change; and continued marketing campaigns for key programs, especially Residential Lighting and Business.

- Total 2008 program-wide benefits divided by total program and participant costs resulted in an overall benefit-to-cost ratio of 3.84 to 1 (in other words, every dollar invested in efficiency returned $3.84 in societal net economic benefits). In terms of yield (kilowatt hours, or kWh, saved per dollar invested), in 2008 Efficiency Maine generated savings at a levelized cost of 3.1¢ per kWh. This compares quite favorably to average Maine electricity rates, which have been relatively stable over the last year. Investing in energy efficiency is 75% more cost-effective than purchasing more electric generation in today's market, and the savings typically stay in Maine.

Efficiency Maine prepares a detailed report annually. The 2008 Efficiency Maine annual report may be viewed on the Efficiency Maine web site at http://www.efficiencymaine.com/pdf/EMO14758_EMAnn.Rept_v11.pdf

Cumulatively since 2004, Efficiency Maine has provided incentives, technical assistance, and other services that will avert the consumption of over three million MWh of electricity—enough to power 46,371 Maine homes for a decade and save Maine business and residential consumers more than $310 million in energy costs. During its tenure, the Efficiency Maine Program has achieved a benefit-to-cost ratio of 3.06 to 1 and delivered electrical savings at an average levelized cost of 3.3¢ per kWh.

Efficiency Maine's programs have also contributed significantly to improve Maine's environment. Cumulatively since 2004, Efficiency Maine's programs have helped to prevent the release of the following pollutants that endanger health and contribute to climate change:

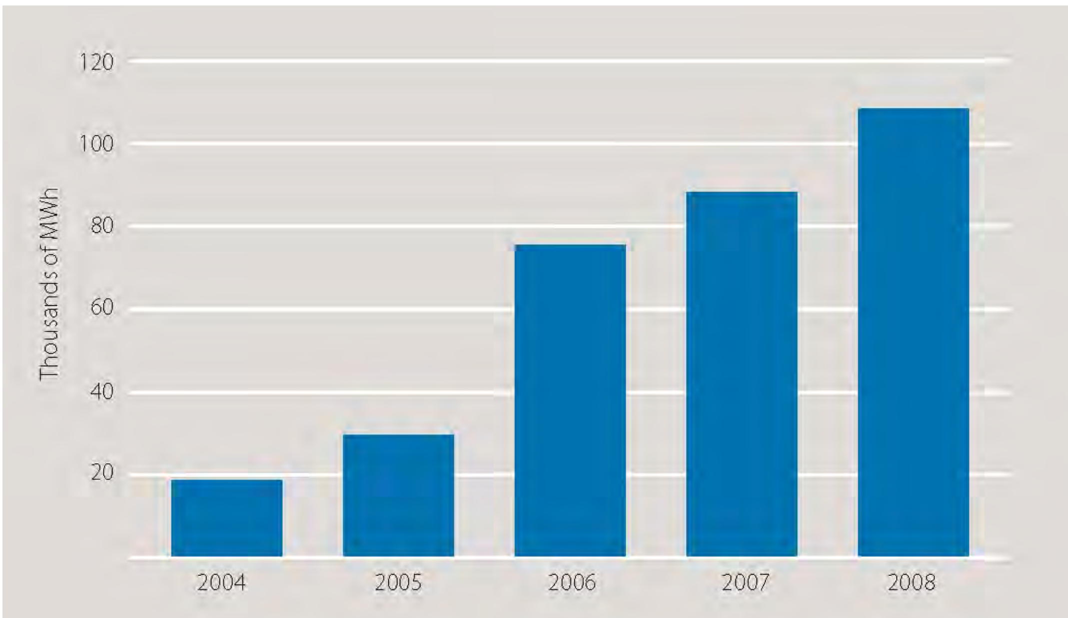
- 1.6 million metric tons of carbon dioxide (CO_2)
- 2,116 metric tons of sulfur dioxide
- 1,038 metric tons of nitrogen oxide

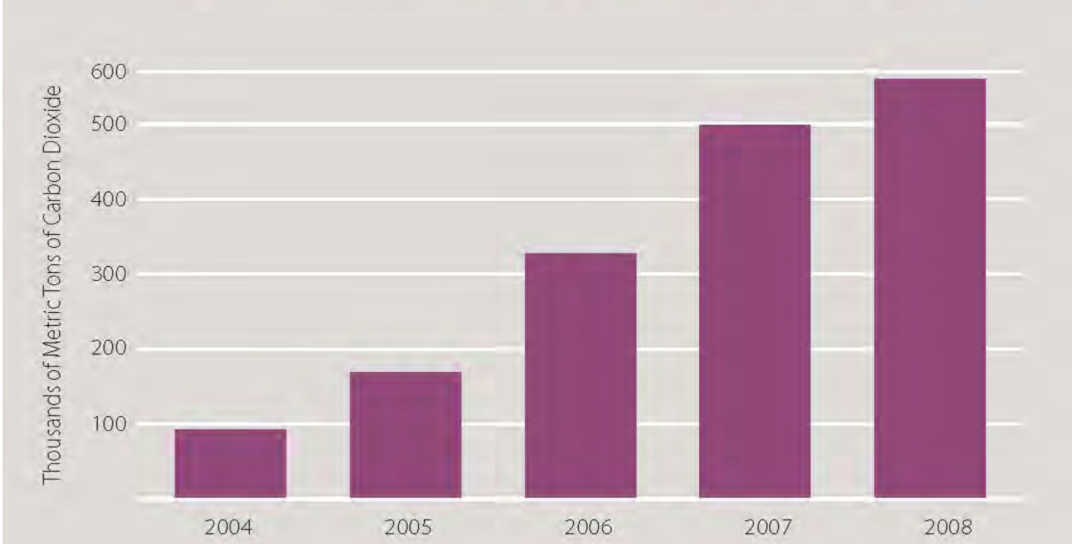
The CO_2 savings alone are equivalent to keeping 39,105 cars off of the road for a full decade.

The following charts summarize Efficiency Maine's cumulative performance since 2004.

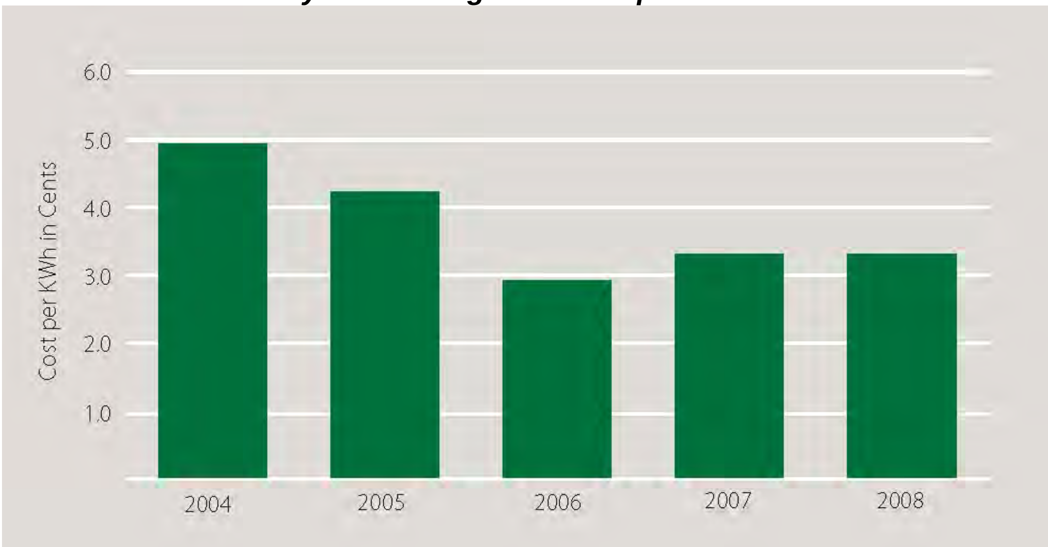
Megawatt-hour savings from Efficiency Maine Programs

Tons of Carbon Dioxide avoided by Efficiency Maine Programs





Efficiency Maine Program Costs per Kilowatt-hour



Related Programs Administered by Efficiency Maine

In addition to the six programs discussed above, Efficiency Maine administers several other energy efficiency programs. These additional programs administered by Efficiency Maine are discussed in detail in the 2008 Efficiency Maine annual report that can be found at the web site listed above.

In 2008, Efficiency Maine took on the administration of several programs funded by the State Energy Program grant, which is an annual grant from the U.S. Department of Energy. Most of Efficiency Maine's non-electrical energy programs are funded through this grant, including the Small Business Energy Audit and Low-Interest Loan programs.

Efficiency Maine also administers the Renewable Resource Fund which is supported by voluntary contributions consumers make via electric bills and by alternative compliance payments made by competitive energy providers under the state's renewable resource portfolio requirement law. The Fund supports small-scale demonstration projects designed to educate the local community on the cost-effectiveness of harnessing natural resources for clean electricity. In 2008, the Fund awarded ten grants totaling $362,889.

In addition, Efficiency Maine administers the Solar and Wind Energy Rebate Program. The general parameters of the Program, such as overall funding and the technologies to be supported by the Program, are established in statute. Initially, the Program offered rebates for photovoltaic systems and solar thermal systems, including solar hot water systems and solar hot air systems. In 2008, the Legislature added a new wind incentive component to the Program for deployment in 2009. The Commission provides annual reports to the Legislature regarding the Solar and Wind Energy Rebate Program. The 2008 annual report for the Program can be found at http://www.efficiencymaine.com/documents.htm

CONSUMER ASSISTANCE

The Consumer Assistance Division (CAD) is the Commission's primary link with utility customers. The CAD is charged with ensuring that consumers, utilities, and the public receive fair and equitable treatment through education, complaint resolution, and evaluation of utility compliance with consumer protection rules. As part of its mission, the CAD is responsible for educating the public and utilities about consumer rights and responsibilities and other utility-related consumer issues, for investigating and resolving disputes between consumers and utilities, and for evaluating utility compliance with State statutes, Commission rules and the utility's Terms & Conditions for service. The Commission also uses information about consumer contacts with the CAD and other CAD data as a basis for enforcement actions, Commission investigations and in other Commission proceedings.

KEY EVENTS

The high cost of fuel oil and gasoline for much of 2008 made it a struggle for many consumers, especially low-income consumers, to pay their utility bills. The CAD worked to negotiate affordable payment arrangements for these consumers and led several other initiatives to help consumers pay their utility bills and retain their service. Among these initiatives:

- The Commission ordered a 13% increase in the Low Income Assistance Program (LIAP), which increased total funding for the LIAP from $6,966,000 to $7,872,000 – a $906,000 addition. The funding increase was approved, in part, to offset a 10% increase in residential electricity rates since the last time funding for the program was adjusted. The LIAP is expected to provide assistance to at least 40,000 Maine families in 2008.

- The CAD convened a meeting of utility credit and collections staff to discuss the problem of consumers with high unpaid balances. The goal of the meeting was to discuss innovative ways of assisting these consumers to help them retain utility service while also allowing the utilities to properly manage their accounts receivable. The meeting was well-attended and utility staff and other attendees exchanged useful information about alternative methods of helping these consumers. Those included establishing long-term, levelized payment plans for customers whose usage varied significantly between summer and winter and providing advice to consumers regarding how to reduce their electricity usage.

- The CAD partnered with Efficiency Maine to develop a plan for helping very high arrearage/high use/low-income consumers to reduce their electricity usage. The plan involves referring such consumers, when they qualify for aid from the Low Income Home Energy Assistance Program (LIHEAP) to MaineHousing for enrollment in its weatherization program. Under this program, an energy auditor will visit the consumer's home to assess electricity usage, provide guidance on reducing usage, and implement simple electricity-saving measures such as the installation of Compact Fluorescent Lamps (CFLs) throughout the house, installation of low-flow shower heads and hot water heater wraps (if appropriate), and the replacement of inefficient appliances.

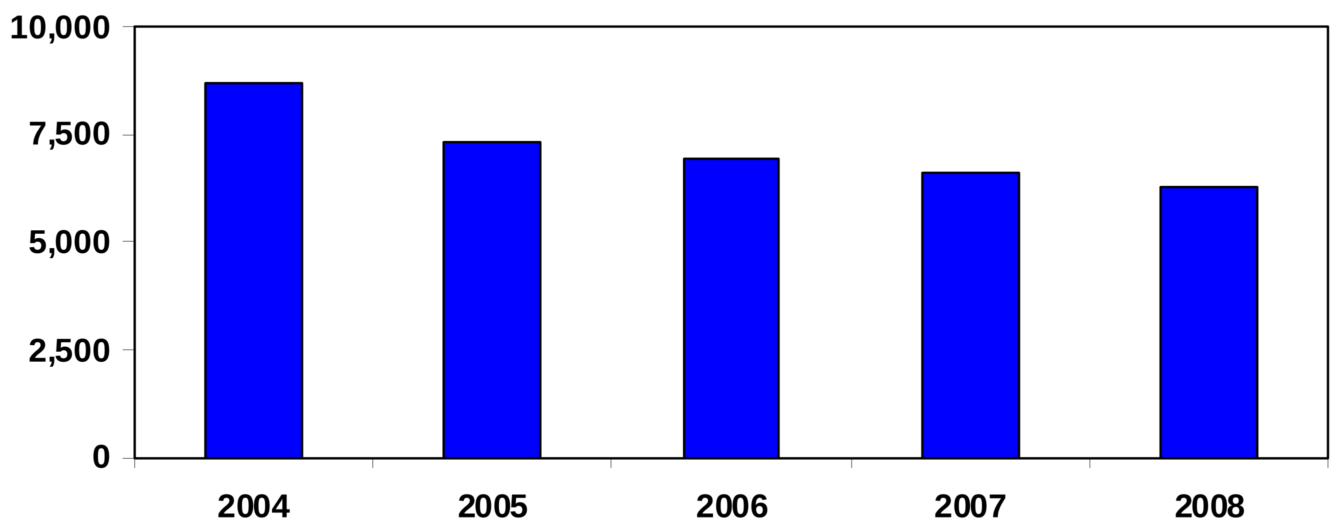
INDUSTRY TRENDS

CAD Contacts

The CAD tracks its contacts with both consumers and utilities. Contacts take several forms, such as provision of information and assistance, investigation of a consumer complaint involving a consumer dispute with a utility that the parties have been unable to resolve, or processing a request by an electric or gas utility to disconnect a consumer during the winter period (November 15 to April 15). The CAD recorded 6,292 contacts in 2008. This was a 5% decrease from the 6,604 contacts received in 2007 and a 9% decrease from the 6,953 contacts received in 2006.

As shown in the following chart, the number of overall contacts has declined each of the past five years. The downward trend is attributable primarily to reduced competition in the telecommunications markets. Since 2004, competition has fallen significantly in the toll market and, to a lesser extent, in the local market. In the past, the CAD received many inquiries from consumers, both in the form of complaints and informational inquiries, regarding contacts they had received from competitive telecommunications providers. The reduction in competition has resulted in a corresponding reduction in these types of consumer inquiries.

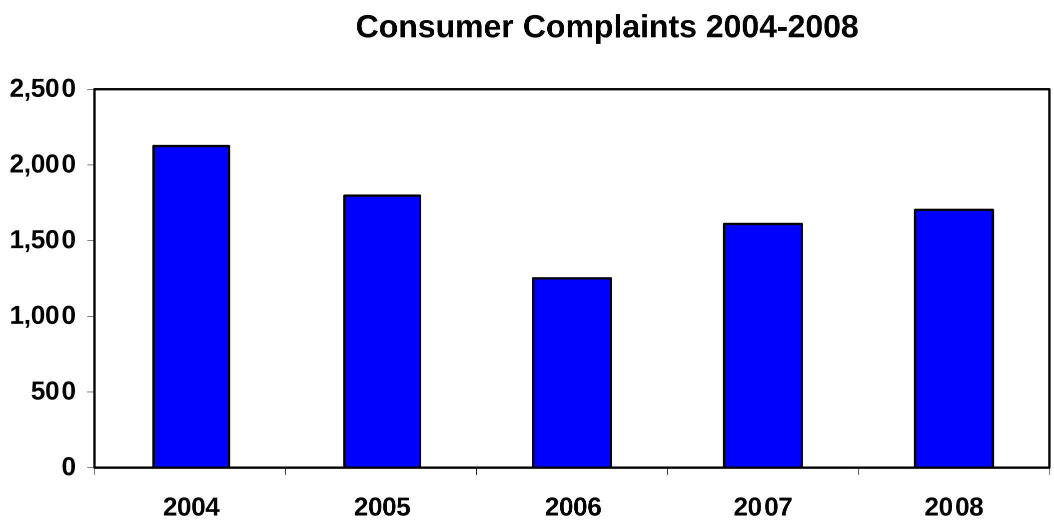
CAD Contacts 2004-2008



The CAD receives the majority of its consumer inquiries by telephone and strives to answer all calls live as opposed to using an integrated voice response system. By answering calls live, the CAD is often able to answer questions and resolve consumer complaints immediately. In 2008, 98% of the calls to the Consumer Assistance Hotline were answered live. This is consistent with the percentage of calls answered live in both 2007 and 2006.

Consumer Complaints

As shown in the following chart, the CAD received 1,706[4] complaints in 2008. This is a 6% increase over the 1,607 complaints received in 2007 and a 37% increase over the 1,248 complaints received in 2006.



The increase in total complaints in 2008 was driven by an 18% increase in the number of complaints received against electric providers. The CAD received 1,058 complaints against electric providers in 2008, compared to 900 in 2007 and 591 in 2006. This is one of the highest numbers of complaints received against electric providers since the CAD began keeping records in 1989. As noted above, complaints received against telecommunications providers actually declined during this same period. The CAD received 426 complaints against telecommunication providers in 2008, compared to 502 complaints received in 2007 and 431 received in 2006.

The increase in electric provider complaints was caused primarily by an increase in the number of customers contacting the CAD who were under the threat of disconnection or who were actually disconnected. As noted in last year's report, these types of complaints were also up significantly in 2007 over 2006. Last year's report explained that the increase in 2007 was due primarily to a significant increase in fuel oil costs during the third and fourth quarter of 2007, as well as a change in the credit

[4] Due to slight variations between the CAD's various report software components, certain complaint statistics may not be exact.

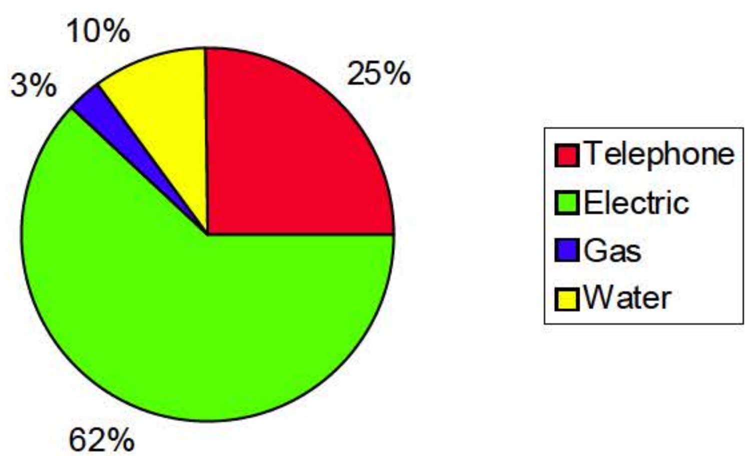
collection policies at CMP that resulted in a significant increase in the number of CMP consumers contacting the CAD for assistance.

Unfortunately for electric consumers, the increasing gasoline and fuel oil prices continued and worsened in 2008, with prices reaching unprecedented levels in late summer. In addition to increasing gasoline and fuel oil prices, the economy in general took a significant downturn in the third and fourth quarters of 2008. These factors were the major cause for the 719 complaints received from electric consumers under the threat of disconnection for non-payment in 2008, which again was one of the highest numbers of electric disconnection related complaints received by the CAD since it began keeping records.

In complaint cases, CAD staff collect large amounts of financial and other information over the phone from both the consumer and the utility and often contact various assistance agencies on behalf of the consumer to obtain funds to prevent the disconnection. Staff also spends considerable time negotiating workable payment plans for the consumers. Thus, CAD's response to these types of consumer calls accounts for a significant portion of staff time.

As shown in the following chart, electricity-related complaints accounted for 62% of all complaints received by the CAD in 2008, an increase from 57% in 2007 and 46% in 2006. This increase is consistent with trends noted above, including a rise in electricity-related complaints that began in 2006, and a concomitant decline in telecommunications complaints related to a smaller number of competitors in that field.

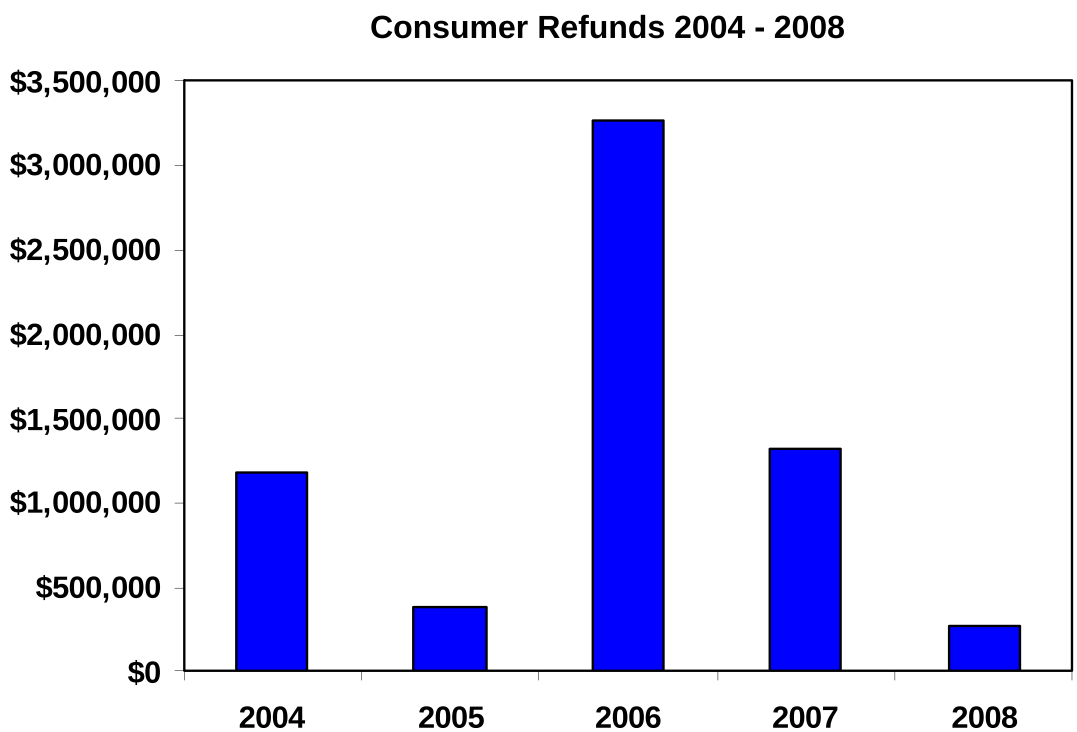
Complaints Received in 2008



Refunds to Consumers

The CAD frequently obtains credits or refunds for consumers as part of its resolution of consumers' disputes with utilities. In 2008, $275,474 was abated by utilities to 1,729 consumers. This is significantly lower than the $1,316,749 that was abated by utilities in 2007 and the $3,260,378 abated by utilities in 2006 (see chart below). Both of those years had very large abatements associated with CAD or Commission investigations. In 2007, a single commercial customer received a $1.1 million abatement. The CAD made no such abatements in 2008. With that single abatement removed from the 2007 total, the 2008 abatement total exceeded the 2007 total.

The largest abatement in 2008 resulted from a CAD investigation into a "Collection Service Charge" assessed by the Portland Water District (PWD). During its investigation of a consumer complaint, the CAD found that PWD had inappropriately billed a consumer a $19.00 fee after PWD posted a disconnection notice on an apartment building. The CAD Ordered PWD to refund the unauthorized charge to the consumer because the charge was not included in PWD's terms and conditions. As a result of this investigation, PWD ceased collecting the charge and refunded a total of $27,987.00 to 1,473 consumers who had previously been assessed the charge.



RULEMAKINGS

In 2007, the Commission completed a major rewrite of its consumer protection rules, Chapters 81 and 86, as they apply to electric and gas utilities. The new rule, Chapter 815, became effective on April 16, 2008, and established the minimum standards of fairness in credit and collection programs for residential and non-residential utility service including the granting and denying of service, credit and deposit practices, billing, disconnection, consumer complaint procedures, disconnection procedures during the winter months and methods for obtaining exemptions from the rules. While implementing the new rule, utilities encountered provisions they found either confusing or impractical to implement and sought clarification from the Commission. For some of the provisions, Commission staff was able to provide clarification. For other provisions, Commission staff determined that modifications to the rule were necessary. The Commission opened a rulemaking proceeding on October 27. The rulemaking should be completed in early 2009.

SUMMARY OF COMMISSION RULEMAKINGS

Chapter 200, Telecommunications Carrier Outage Reporting.

This new rule replaces Chapter 2 and contains the reporting requirements for telecommunications carriers' service outages.

Chapter 289, Requirements and Terms for Bundled Services Offered by Incumbent Local Exchange Carriers

This new rule establishes consumer protection requirements associated with the provision of bundled services by Incumbent Local Exchange Carriers (ILECs); the methods for recording revenue from bundled services; the upper and lower limits of bundled service prices that will result in predictable regulatory treatment of revenues; and the treatment of certain consumer programs.

Chapter 885, Land Use Regulation Exemptions

This new rule establishes the procedures and standards that govern public utility and energy infrastructure developer requests for exemptions from municipal zoning ordinances and Land Use Regulation Commission regulations.

Chapter 886, Energy Infrastructure Corridors

This new rule establishes standards and procedures to govern the designation and use of energy infrastructure corridors pursuant to 35-A M.R.S.A. § 122.

Chapter 3, Emergency Services Communication Bureau, Provision of Enhanced 9-1-1 Access Only

This new rule establishes the requirements associated with local exchange carriers providing Enhanced 9-1-1 access only or so-called soft dialtone.

2008 REPORTS TO THE LEGISLATURE

The Commission submitted the following reports to the Legislature in 2008:

Report on the Continued Participation by Transmission & Distribution (T&D) Utilities in the New England Regional Transmission Organization (1/15/08)

Annual Report on Electric Restructuring (1/15/08)

Revenue Decoupling Report (1/15/08)

Report on Standard Offer Procurement for Residential and Small Commercial Classes (1/15/08)

Report on T &D Utilities' Participation in the Energy Supply Business (1/15/08)

Commission's Annual Report (which included the Public-Interest Payphones and Emergency Services Communications Bureau Annual Reports) (2/1/08)

Annual Report on Electric Incentive Ratemaking (2/4/08)

Annual Report on Natural Gas Ratemaking Mechanisms (2/4/08)

Building Energy Codes Report (2/15/08)

Compact Fluorescent Lamps (CFL) Report (submitted jointly by the Commission and the Department of Environmental Protection) (2/21/08)

Medical Devices Report (3/11/08)

Regional Greenhouse Gas Initiative (RGGI) Report (3/11/08)

Annual Report on the New Renewable Resource Portfolio Requirement (3/31/08)

Electric Resource Adequacy Report & Plan (4/15/08)

Report on Blocking and Unblocking Audiotext Services (8/25/08)

Estimated Electricity Billing Error Report (8/25/08)

Annual Report on Alternative Form of Regulation (AFOR) for Telephone Utilities (9/24/08)

RGGI Report on the Energy and Carbon Trust Rulemaking and the Commission's Energy Efficiency and Conservation Plan (10/9/08)

Report on the Responsibilities of Electric and Gas Utilities and Their Customers With Respect to the Testing, Repair and Replacement of Utility Equipment or Excavation Activity and the Protection of Customer Equipment (11/5/08)

Annual Report on Efficiency Maine (Energy Conservation) (12/10/08)

Annual Report on Gas Conservation Programs (12/1/08)

Annual Report on Natural Gas Ratemaking Mechanisms (12/31/08)

RGGI Report on Efforts to Work With Regional Partners to Develop a Model For Tracking Electricity and Natural Gas Prices (12/31/08)

Annual Report on Electric Restructuring (12/31/08)

Annual Report on the Voluntary Renewable Resource Fund (12/31/08)

Annual Report on Electric Incentive Ratemaking (12/31/08)

SUMMARY OF COMMISSION-RELATED LAWS ENACTED BY THE SECOND REGULAR SESSION OF THE 123rd LEGISLATURE

SUMMARY OF COMMISSION-RELATED LAWS ENACTED BY THE 2nd SESSION OF THE 123rd LEGISLATURE

LD	LAW	SUMMARY	EFFECTIVE DATE
		ELECTRIC/ENERGY/SOLAR/RGGI/CONSERVATION/BLDG CODES	
349	Resolve 2007, ch. 226	Provides for a one-time General Fund appropriation of $40k for Fiscal Year Ending (FYE) 2008-09 for the Commission to establish & fund a small wind power generator pilot project. Commission to submit report to the Utilities & Energy Committee (U&E) and Appropriations & Financial Affairs Committee (AFA) by 1/12/2010.	7/18/2008
1038	Resolve 2007, ch. 219	Directs the Department of Professional & Financial Regulation (PFR) to study the issue of residential contractor licensing and report back to the Committee on Business, Research & Economic Development (BRED) by 1/4/2010.	7/18/2008
1221	P&SL 2007, ch. 35	Addresses geographic line drawn by 1903 Legislature that divides electricity suppliers between the Kennebunk Light & Power District (KLPD or District) & Central Maine Power Company (CMP). Clarifies procedures for extension of service by KLPD. Provides that, in the event of a purchase, the District pay CMP for stranded costs and requires the Commission to calculate & allocate such costs. Authorizes the Commission to resolve disputes regarding payment compensation, use of poles and related issues during property transfer. In the event of disagreement regarding value, the Commission shall obtain an independent appraisal of the utility facilities.	6/30/2008
1248	PL 2007, ch. 481	Establishes an exception to the right to purchase generation from competitive electricity providers (CEPs) for electricity customers of consumer-owned transmission & distribution utilities (T&Ds) statewide. The exception is subject to approval obtained by the consumer-owned T&Ds from the Commission.	6/30/2008
1942	Resolve 2007, ch. 156	Commission and Maine State Housing Authority (MSHA) may provide loans for geothermal systems under the Commission's Energy Conservation Small Business Revolving Loan Program and MSHA's Home Energy Loan Program. Both agencies to report to U&E on these loans by 1/15/09.	6/30/2008
1945	PL 2007, ch. 608	Makes changes to the laws governing the Regional Greenhouse Gas Initiative (RGGI). Sets a 2% cap on the portion of the State's annual carbon dioxide emissions budget that is set aside in a voluntary renewable market set-aside account. Requires the Department of Envionmental Protection (DEP) to report to U&E on whether 2% is an appropriate amount by 1/15/2010. Directs the Energy & Carbon Savings Trust & DEP to determine the cap for portion set aside by 1/31/2010.	7/18/2008

2002	PL 2007, 575	Lowers the threshld for requiring a certificate of public convenience & necessity (CP&N) for construction of a transmission line to 69 kV or more and adds a provision to allow the Commission to direct all investor-owned utilities (IOUs) to enter into long-term contracts for capacity resources and associated energy.	7/18/2008
2041	P&SL 2007, ch. 36	Allows the Swans Island Electric Cooperative (Coop) to sell wholesale generation to reduce its cost of providing retail service, but places a limit of 3 MW on the production of capacity of any generation resource operated by the Coop. The Coop must obtain approval of its membership by a majority vote in a referendum prior to constructing or acquiring any generation resource to be used in the sale of wholesale generation service.	6/30/2008
2050	Resolve 2007, ch. 177	Directs the Commission and the Office of Public Advocate (OPA) to participate in regional and federal activities to advocate for and facilitate and support the development, adoption and implementation of demand-side management programs.	3/31/2008
2061	PL 2007, ch. 493	Makes necessary changes to the laws governing the solar energy rebate program to change the qualifications of solar thermal installers and directs the Commission to make several corresponding changes to its rules governing the solar energy rebate program.	3/12/2008
2082	PL 2007, ch. 578	Allows the State Board of Education (Education), in consultation with the Commission and the State Historic Preservation Commission, to grant waivers from mandatory energy efficiency standards for building construction and renovation on a case-by-case basis for the substantial renovation of historic school buildings. Directs Education to adopt or amend rules to allow for a waiver of the energy efficiency standards for the substantial renovation of a historic school building.	4/8/2008
2126	PL 2007, ch. 584	Requires the DEP to establish greenhouse gas emission standards for coal gasification facilities that generate electricity or liquid fuels. Rules will be major substantive to be submitted by 1/5/2011. Provides for discounting of carbon dioxide emissions that are captured and permanently isolated from atmosphere in compliance with all applicable laws and rules in the calculation of greenhouse gas emissions.	7/18/2008
2149	Resolve 2007, ch. 183	1. Directs the Commission to review & make recommendations for changes to statutes & rules on net energy billing (NEB) and submit a report to U&E by 1/15/09; 2. Requires the Commission to conduct a review to determine if the State should establish statewide standards for interconnection of renewables and, if so, establish those standards; 3. Requires the Commission to develop a proposal for time-of-use rates and advanced metering; 4. Requires the Office of Energy Independence & Security (OEIS) and the Energy Resources Council (ERC) to jointly examine opportunities for energy conservation through reuse of waste heat and to develop a plan to reduce peak-load energy consumption in existing and new State government buildings.	7/18/2008
2159	PL 2007, ch. 644	Provides for the annual transfer of 35% of funds in the Renewable Resource Fund.	7/18/2008

2254	Resolve 2007, ch. 193	Directs the Commission to order Maine's 3 IOUs to file with the Commission a plan to form an alternative structure to hold, manage, dispatch and expand the transmission assets of the IOUs if the Commission determines that it is in the interests of Maine's consumers for Maine's T&Ds to provide timely notice of nonrenewal of any membership in ISO-NE. This also prohibits the Commission from issuing the order to direct the development of the plan prior to 3/31/09. The Commission must file a report with U&E by 1/15/09 on its findings and determinations.	4/10/2008
2255	PL 2007, ch. 656	1. Establishes procedures to allow the Commission, with limitations, to designate corridors for siting energy infrastructure, including electric T&Ds and natural gas pipelines. Designation must be through the major substantive rulemaking process. 2. Specifies requirements for development & construction of energy infrastructure within a corridor. 3. Clarifies & limits the eminent domain authority of T&Ds, holders of corridor use certificates who are not T&D utilities and the Commission within an energy infrastructure corridor; the Commission's eminent domain authority is specifically limited; the Commission is required to report to U&E of any taking by eminent domain. 4. Requires the Commission to adopt by rule standards & procedures to implement the energy infrastructure corridor laws. 5. Expands the Commission's long-term contracting authority over all IOUs. 6. Directs the Commission to allow T&Ds to submit bids for interruptible, demand response or energy efficiency resources & to ensure that long-term contracts are consistent with the State's goals for greenhouse gas reduction. 7. Allows IOUs to recover in rates any gains & losses as a result of contracts for differences. 8. Establishes, in statute, the Governor's Office of Independence & Security (OEIS) and sets forth the policy & purpose of that office; OEIS must prepare & submit a comprehensive State energy plan every 2 years. 9. Amends the Energy Resource Council (ERC) membership so that for each State agency represented, the member is the executive head of that agency or that person's designee; clarifies the contents of the ERC's work plan and its inclusion in the council's annual report to the Legislature.	7/18/2008
2257	PL 2007, ch. 699	Defines a uniform statewide building & energy code that will replace all building & energy codes adopted by State agencies & municipalities. It requires the Technical Building Codes & Standards to report back annually to BRED, beginning 12/31/2010. It amends the energy efficiency building standards laws to incorporate the standards of the Maine Uniform Building & Energy Code (MUBEC). Beginning 7/1/2010, the MUBEC must be enforced in a municipality that has more than 2,000 residents and that has adopted any building code by 8/1/08. Beginning 7/1/2012, the MUBEC must be enforced in a municipality that has more than 2,000 residents and that has not adopted any building code by 8/1/2008.	7/18/2008

2264	PL 2007, ch. 645	Gives MSHA the authority to encourage & provide incentives to individuals/entities that conserve energy; support & participate in markets that reward energy conservation and use the proceeds from this participation to support affordable housing programs under its jurisdiction; and create & administer programs that encourage individuals/entities to conserve energy. MSHA may use resources derived from any source except the conservation program fund under 35-A M.R.S.A. § 3211-A(5).	7/18/2008
2266	PL 2007, ch. 671	Encourages & enables the development & ownership of cost-effective wind energy projects. The OEIS shall provide wind and other energy planning assistance. OEIS must monitor the legal and technological developments that may affect the potential for development of wind power resources. OEIS shall form one or more advisory groups of persons with relevant expertise to advise OEIS and report back to U&E by 1/15/09.	
2283	PL 2007, ch. 661	Implements recommendations of the Governor's Task Force on Wind Power Development in Maine. Requires the OEIS to report its findings & recommendations from its annual assessment of progress toward reaching the State's wind energy goals to U&E by 1/15/09, including an assessment of whether additional funding is needed to analyze the tangible benefits realized by wind power developments. It creates a wind rebate program and directs the Commission to allocate funds between the solar & wind energy rebate programs. For each fiscal year the Commission is required to determine the allotment of funds between solar PV rebates, solar thermal rebates and qualified wind energy system rebates, with a minimum of 20% of the fund provided to each of the 3.	4/18/2008
		TELECOMMUNICATIONS/E-911/PSAPs/DO-NOT-CALL/CABLE/BROADBAND	
305	Resolve 2007, ch. 212	Directs the Department of Administrative & Financial Services (DAFS) to investigate possible negotiations with providers of cell service for lease of the State-owned tower in St. Francis for expansion of cell services in Northern Maine and provide a report to AFA by 1/15/09.	7/18/2008
1989	PL 2007, ch. 489	Restores an affirmative defense provision to Maine's "Do Not Call" laws and adds an exemption for telephone calls made to any person with whom the telephone solicitor has an established business relationship.	3/7/2008
2060	PL 2007, ch. 478	Allows the Commission to exempt certain telephone utilities from filing tariffs and revises sections of the law to make them compatible with the Commission's authority to provide tariff exemptions under Title 35-A, section 307-A.	6/30/2008
2104	PL 2007, ch. 550	Repeals language in current law governing an alternative form of regulation (AFOR) that requires the Commission to ensure that, for the period of the AFOR, ratepayers may not be required to pay more for local phone service under the AFOR than they would have under traditional regulation. Requires the Commission to conduct a revenue requirement and earnings review of a telephone utility prior to the adoption or renewal of an AFOR and clarifies that this requirement applies when the AFOR includes a provision prohibiting a rate case for a set period of time. Provides an application section to specify that the requirements established in this legislation do not apply to any AFOR proceeding currently pending on the effective date of this Act.	7/18/2008

2124	PL 2007, ch. 549	Requires certain tracking and recording of scrap metal transactions to prevent the theft of certain metals.	4/3/2008
2133	PL 2007, ch. 548	Directs the Office of Information Technology (OIT) to develop a model franchise agreement and requires that specific issues be considered. OIT shall complete & submit this agreement to U&E by 12/15/08. The cable company must post a copy of its most recent franchise agreement to its website.	7/18/2008
2141	Resolve 2007, ch. 157	Authorized final adoption of Chapter 3 so long as the Rule is amended to change the duration of the soft dialtone requirement from one year to 90 days. The effective date of the rule will be 10/1/08. Directs the Commission to examine and report on the first year of experience under the rule, with particular attention to the duration of the soft dialtone requirement by 12/31/09.	6/30/2008
2180	PL 2007, ch. 511	Provides that the value of prepaid calling service may not be reduced after that service is purchased. The quantity of prepaid calling service must be determined by the rates, terms & conditions in effect at the time of purchase and the provider of such service is prohibited from increasing the rate charged until the service is consumed or expires in accordance with the known expiration date. The provider of a prepaid calling service shall notify a consumer of an increase in the rate charged before the consumer purchases additional service by telephone or the Internet. Notification must also be provided if that provider charges different rates for in-state and interstate service. The type of notice varies depending on whether service is purchased in a store or over the Internet.	6/30/2008
2238	PL 2007, ch. 504	Clarifies that the provision of E-911 access-only services is covered by the law governing the liability of telecommunications providers in the implementation and operation of the statewide E-911 system.	6/30/2008
2246	PL 2007, ch. 695	Extends the ConnectME Authority	7/18/2008
2265	PL 2007, ch. 637	Reduces the statewide E-911 surcharge from 50¢ to 30¢ per month. Requires the Commission to conduct a thorough review of the E-911 fund and make recommendations on the surcharge amount going forward. The Commission must report back to the U&E Committee 2/1/09.	4/16/2008
2269	PL 2007, ch. 638	Provides that the Commission may not grant approval to a telephone utility unless the utility submits evidence that it has at least $250,000 in fixed assets in Maine or the utility purchases and maintains a surety bond in the amount of $250,000. This does not apply to a utility authorized to provide service on the effective date of the Act. Prohibits a local or intrastate interexchange carrier of telecommunications services from initiating a change of a customer's carrier without the customer's express authorization. Requires the OPA to inform customers of the protections & rights regarding the unauthorized change of carrier.	7/18/2008
2279	PL 2007, ch. 622	Requires a municipality that does not have a public safety answering point (PSAP) to contract with another entity, which may be the Department of Public Safety (DPS) for the provision of such servcies. If a municipality fails to contract for these services, DPS is required to act as the PSAP and the municipality is required to pay DPS for those services. Requires the Commission to establish fees DPS charges in an adjudicatory proceeding.	4/15/2008

WATER/SEWER/SANITARY

1936	P&SL 2007, ch. 38	Expands the territory of the Great Salt Bay Sanitary District to include the entire Town of Nobleboro, subject to referendum within two years of the effective date of the Act.	6/30/2008
2073	PL 2007, ch. 569	Restricts certain types of development near drinking water wells to prevent contamination by oil & hazardous matter. Gives municipal code enforcement officers the authority to enforce the restrictions. Requires various agencies to coordinate, review and make recommendations on improving the current framework for registering aboveground oil storage facilities and report to the Natural Resources Committee by 1/15/09.	4/7/2008
2076	P&SL 2007, ch. 32	Clarifies territorial limits of the Norway Water District (District). Amends the amount trustees shall receive for compensation. Amends the way the District establishes its rates. Authorizes the District to enter into contracts with Oxford Water District to provide service to certain residents who are customers of the Norway Water District.	2/14/2008
2117	P&SL 2007, ch. 34	Creates the Starboard Water District (subject to approval at referendum)	

MULTIPLE UTILITIES/STATE GOVERNMENT/MISCELLANEOUS

1797	Resolve 2007, ch. 198	Maine Quality Forum & Health InfoNet shall convene a stakeholder group to study & make recommendations regarding establishing & financing a quality improvement & technology fund and provide recommendations to the Health & Human Services Committee, including legislation by 12/1/08.	7/18/2008
1881	PL 2007, ch. 501	Permits an agency or official to request clarification concerning which public record or records are being requested and requires an agency or official to acknowledge receipt of request within a reasonable time period.	6/30/2008
1923	PL 2007, ch. 603	Creates the Public Access Ombudsman in the Attorney General's (AG) Office, appointed by the AG, to assist in compliance with the State's freedom of access laws.	7/18/2008
1930	Resolve 2007, ch. 161	Authorizes Inland Fisheries & Wildlife (IFW) to sell two parcels of land in Kennebunk to CMP.	6/30/2008
1955	PL 2007, ch. 482	Makes changes to certain positions at the Commission. Adds a statutory reference to the Director of Energy Programs; deletes references to positions that no longer exist and replaces them with current position designation; changes the pay range for the Assistant Administrative Director position and deletes references to two positions that no longer exist.	6/30/2008
2135	Resolve 2007, ch. 168	Directs the Commission to study and make recommendations for improvements in the laws & rules governing responsibility of electric utilities and their customers with respect to testing, repair & replacement of electric utility equipment and the protection of customer equipment, and the responsibility of gas utilities with respect to public safety, with particular attention to excavation. The Commission must submit a report to U&E by 11/5/08.	6/30/2008
2151	PL 2007, ch. 693	Amends statutes that affect administration of sales tax exemption and refund provisions & income tax credit provisions related to the Maine Wind Energy Act.	7/18/2008

2154	PL 2007, ch. 627	Makes various changes & corrections to laws governing taxation, including repealing superfluous or redundant definitions and effective dates, updating references to the Internal Revenue Code and correcting grammar, punctuation & internal cross-references. It also amends the excise tax law to reflect the fact that licensing of common carriers has been transferred from the Commission to the Department of Transportation (DOT).	7/18/2008
2182	PL 2007, ch. 533	Establishes a civil penalty for theft of utility services or for damaging or tampering with utility property. The penalty shall not exceed $2,500 per offense.	4/3/2008
2199	PL 2007, ch. 657	Establishes a Railroad Crossing Information Council to serve as a repository of information for any member of the public who would like to establish a private crossing of a railroad. The OPA serves as chair of the council and coordinates efforts.	7/18/2008
2212	PL 2007, ch. 597	Implements recommendations of the Right to Know Advisory Committee regarding statutory changes to existing public records exceptions.	7/18/2008
2213	PL 2007, ch. 581	Implements recommendations of the Working Group to Improve Public Understanding & Participation in the Rulemaking Process.	7/18/2008
2230	PL 2007, ch. 619	Makes changes in the laws governing reports related to natural resources.	7/18/2008
2237	Resolve 2007, ch. 179	Allows the Director of the Bureau of Parks & Lands to convey several nonexclusive easements.	7/18/2008
2252	PL 2007, ch. 695	Corrects errors & inconsistencies in the laws of Maine (Sec. A-42 - "Ceiling on energy efficiency spending.")	4/24/2008
2260	Resolve 2007, ch. 194	Authorizes IFW to convey a linear transmission line easement interest in land in Webster Plantation in Penobscot County.	7/18/2008
2289	PL 2007, ch. 539	An Act to make supplemental appropriations for the expenditures of State Government & to change certain provisions of the law necessary to the proper operations of State Government for the FYE 6/30/08 & 6/30/09.	6/30/2008

FISCAL INFORMATION

The 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 two principal sources of funding in FY2008 - a Regulatory Fund of $7,647,403 as authorized by 35-A M.R.S.A. § 116, and a balance forward of $972,204 pursuant to 35-A M.R.S.A. § 116 (5), which allows any accumulated unencumbered balance to be used in succeeding fiscal years.

All references in this section are to fiscal years -- July 1 to June 30.

In FY2008, the Commission spent approximately $6.6 million, regulating 543 utilities with gross revenues exceeding $1 billion. The Commission was authorized 76.75 full-time equivalent positions in FY2008.

Regulatory Fund

The authorized Regulatory Fund assessment for FY2008 was $7,647,403. In addition to the assessment, an unencumbered balance of $786,328 and encumbrances of $185,876 were brought forward from FY2007. The Commission spent $6,589,439 in FY2008.

Expenditure details are presented in Table 1. An encumbered balance of $157,206 and an unencumbered balance of $2,006,069 were brought forward to FY2009. The encumbered balances generally represent ongoing contracts.

Commission Reimbursement Fund (Filing Fees)

In FY2008, the Commission collected $51,900 in filing fees. An unencumbered balance $102,760 was brought forward from FY2007. An unencumbered balance of $154,660 was brought forward to FY2009.

Commission Miscellaneous Fund (Document Copy Costs, Fines)

Miscellaneous reimbursements consist of funds received for copies of documents such as monthly dockets, agenda and decisions and for other miscellaneous items, and Commission fines collected (e.g. Damage Prevention). $230,089 was brought forward from FY2007. An additional $151,689 was received during FY2008. During FY2008, $2,652 was expended. An unencumbered balance of $379,125 was brought forward to FY2009.

Education Fund

Public Law 1997, Chapter 691 and Chapter 302 of the Commission's Rules approved by the Legislature in 1998, establishes the Public Utilities Commission Education Fund.

This fund authorized a total of $1.6 million dollars to be collected from electric utilities and dedicated for education of Maine's consumers on choices they may make in selecting electricity providers beginning March 1, 2000. The fund was allocated as follows: $200,000 for FY1998, $600,000 for FY1999, $600,000 for FY2000 and a final $200,000 for FY2001.

Under State Bureau of Purchases rules, a Request for Proposal process selected N.L. Partners of Portland, Maine, to carry out the Consumer Education Program under the direction of the Commission with assistance and input from the Public Advisory Panel. $748 was available from the balance forward from FY 2007. $0 was expended in FY2008, leaving $748 as the unencumbered balance brought forward to FY2009.

One Call Grant 2004

During FY2004, the Commission received a 2004 One Call Grant from the U.S. Department of Energy in the amount of $20,000 to implement a targeted education campaign reaching excavators, designers, public works officials and others involved in excavation. $5,481 is the unencumbered balance brought forward to FY2008. In FY2008, $5,481 was transferred to reimburse the Commission Regulatory Fund for grant expenditures charged against this fund in prior fiscal years, leaving an unencumbered balance brought forward to FY2009 of $0.

One Call Grant 2005

During FY2005 the Commission received a 2005 One Call Grant in the amount of $28,231. An unencumbered balance of $26,236 was brought forward to FY2008. In FY2008, $26,236 was transferred to reimburse the Commission Regulatory Fund for grant expenditures charged against this fund in prior fiscal years, leaving an unencumbered balance brought forward to FY2009 of $0.

Damage Prevention Grant 2006

During FY2006, the Commission received a Damage Prevention Grant from the U.S. Department of Energy in the amount of $50,000 to implement a targeted education campaign reaching excavators, designers, public works officials and others involved in excavation. $50,000 is the unencumbered balance brought forward to FY2008. In FY2008, $50,000 was transferred to reimburse the Commission Regulatory Fund for grant expenditures charged against this fund in prior fiscal years, leaving an unencumbered balance brought forward to FY2009 of $0.

Damage Prevention Grant 2007

During FY2007, the Commission received a Damage Prevention Grant in the amount of $35,400. $35,400 is the unencumbered balance brought forward to FY2008. In FY2008, $14,140 was expended, leaving an unencumbered balance of $21,260 brought forward to FY2009.

Damage Prevention Grant 2008

During FY2008, the Commission received a Damage Prevention Grant in the amount of $40,500. FY2008, $25,003 was expended, leaving an unencumbered balance of $15,497 brought forward to FY2009.

Energy Programs - Efficiency Maine Conservation Administration Fund

This fund had an unencumbered balance of $150,477 and an encumbered balance of $178,477 brought forward from FY2007. $1,300,000 was transferred into the account from the Energy Programs- Efficiency Maine Conservation Program Fund. $914,974 was expended in FY 2008.An encumbered balance of $39,714 and unencumbered balance of $1,234,303 is available for use during FY2009.

Energy Programs - Efficiency Maine Conservation Program Fund

This fund had an unencumbered balance of $3,959,399 and an encumbered balance of $360,842 brought forward from FY2007. $14,296,887 was expended in FY 2008, leaving an unencumbered balance of $399,603 and an encumbered balance of $2,861,265 brought forward to FY2009.

Energy Programs- State Energy Fund

This fund receives grants from the Federal Department of Energy. In FY2008, $448,590 was expended on energy conservation programs.

Energy Programs- State Energy Fund Revolving Loans Fund

$86,586 was expended in FY2008.

Solar Rebate Program

Public Law 2005, Chapter 459 provides rebates for the purchase and installation of solar water heating and solar air heating systems and solar electric, or “photovoltaic,” systems for residential or commercial buildings.

An unencumbered balance of $95,281 and an encumbered balance of $264,360 were brought forward to FY2008. $529,114 was expended in FY2008. An unencumbered balance of $242,901 and an encumbered balance of $234,845 were brought forward to FY2009.

Renewable Resource Fund

The Renewable Resource Fund (Fund) was established by the Legislature in 2000 and is supported by voluntary contributions made by consumers on their electric bills. Grants from the Fund are available to small-scale community projects that will serve as demonstration projects designed to educate the community on the value and cost-effectiveness of harnessing natural resources for clean electricity. As initially established, the Fund was administered by the State Planning Office. The responsibility for administering the Fund was transferred to the Public Utilities Commission effective July 1, 2007. PL 2007, Chapter 18.

$247,062 was expended in FY2008. An unencumbered balance of $122,347 and an encumbered balance of $115,827 were brought forward to FY2009.

The Emergency Services Communications Fund (E9-1-1)

This fund had an unencumbered balance of $8,789,114 and an encumbered balance of $192,445 brought forward from FY2007. $8,013,973 was expended in FY2008. An unencumbered balance of $9,569,673 and an encumbered balance of $3,457 are available for use during FY2009. The surcharge collected in FY2008 was $8,412,478.

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The Budget in Perspective

Table 1 details the Commission's budget for a 3-year period. The left hand column includes amounts actually expended in FY2008. Column 2 contains the FY2009 expenditure plan. Column 3 contains the FY2010 proposed Budget. Column 4 contains the FY2011 proposed Budget

The Regulatory Fund Assessment in Perspective

Table 2 details the Regulatory Fund assessments since 1996 from Annual Reports filed by the utilities with the Commission. They include revenues for the previous year ending December 31.

Calculations are made to determine what percentage of the revenues reported by regulated utilities will produce the amount authorized by statute. The factors derived that will raise the authorized amount is applied against the reported revenues of each utility.

Under 35-A M.R.S.A § 116, on May 1 of each year an assessment notice 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.

The total assessment for FY2008 was $7,647,403. The assessment breakdown by utility sector was: Electric - $3,642,265; Telecommunications - $2,685,016; Natural Gas - $869,011; Water - $451,111 and Water Common Carrier -$0.

COMMISSION PUC BUDGET IN PERSPECTIVE
Table 1

	FY2008 Actually Spent	FY2009 Workprogram	FY2010 Proposed Budget	FY2011 Proposed Budget
Regulatory Fund				
Position Count	(59.75)	(58.75)	(58.75)	(58.75)
Personal Services	5,036,473	6,001,481	6,104,111	6,380,991
All Other	1,552,966	1,964,515	1,964,515	1,964,515
Capital	0	0	0	0
Total	6,589,439	7,965,996	8,068,626	8,345,506
Commission Reimbursement Fund				
All Other	0	50,000	50,000	50,000
Commission Miscellaneous Fund				
All Other	2,652	15,000	15,000	15,000
Commission Consumer Education Fund				
All Other	0	0	0	0
Commission Damage Prevention				
Position Count	(1)*	(1)*		
Personal Services	38,041	48,328		
All Other	1,102	1,672	50,000	50,000
Capital	0	0		
Total	39,143	50,000		
		* Limited-Period		
Energy Programs-Efficiency Maine Conservation Administrative Fund				
Position Count	(9)	(9)	(9)	(9)
Personal Services	632,030	929,411	876,036	921,469
All Other	282,944	623,465	323,964	278,531
Capital	0	0	0	0
Total	914,974	1,549,876	1,200,000	1,200,000

Energy Program-Efficiency Maine Conservation Program Fund				
All Other	14,296,887	15,167,739	14,085,334	14,135,334
Energy Programs-State Energy Programs (SEP)				
Position Count	(3)	(3)	(3)	(3)
Personal Services	138,849	208,012	211,634	218,280
All Other	304,142	424,919	302,366	295,720
Capital	5,600	0	0	0
Total	448,591	632,931	514,000	514,000
Energy Programs – SEP Revolving Loan Fund				
All Other	86,586	230,000	410,000	410,000
Energy Programs-Solar Rebate Program Fund				
All Other	529,114	500,000	500,000	500,000
Energy Programs-Renewable Resource Fund				
All Other	247,062	100,500	75,000	75,000
Emergency Svcs Comm (E-911)				
Position Count	(6)	(6)	(6)	(6)
Personal Services	407,373	521,276	521,726	534,722
All Other	7,606,600	4,206,039	4,206,039	4,206,039
Capital	0	0	0	0
Total	8,013,973	4,727,315	4,727,765	4,740,761

Commission Regulatory Fund Assessments
Table 2

Year	Electric Revenues	Telecom Revenues	Water Revenues	Gas Revenues	Water Carriers Revenues	Total Utilities Revenues	Amount Billed	Amount Authorized
1996	1,093,553,536	384,936,867	81,529,938	32,091,988	1,697,223	1,593,809,552	4,918,000	4,918,000
1997	1,118,124,742	392,623,445	87,230,402	31,365,288	1,924,520	1,631,268,397	4,276,900	4,918,000
1998	1,131,080,875	410,824,795	87,549,280	36,068,309	2,098,648	1,667,621,907	4,283,000	4,918,000
1999	1,153,567,578	415,265,192	91,340,130	42,553,204	2,187,844	1,704,913,948	5,553,000	5,553,000
2000	1,144,803,899	456,312,932	92,952,562	35,354,982	2,259,826	1,731,684,201	4,918,000	4,918,000
2001	1,181,804,581	521,331,046	95,682,346	36,311,777	3,123,023	1,838,252,773	4,918,000	4,918,000
2002	547,912,962	500,763,978	98,835,956	55,824,836	3,521,316	1,206,859,048	5,236,000	5,236,000
2003	535,509,552	538,050,538	101,802,792	53,466,479	3,713,543	1,232,542,904	5,505,000	5,505,000
2004	524,156,143	508,708,861	105,043,583	64,913,705	3,823,145	1,206,645,437	5,505,000	5,505,000
2005	511,898,621	479,535,534	66,382,651	107,317,453	2,809,273	1,167,943,532	5,505,000	5,505,000
2006	531,365,202	492,780,390	110,130,702	71,921,808	2,949,997	1,209,148,099	5,505,000	5,505,000
2007	493,598,549	436,922,435	111,089,598	66,028,479	3,655,720	1,111,294,781	7,647,403	7,647,403

PAST COMMISSIONERS

1915 - 2008

*	Benjamin F. Cleaves	1915-1919	*	Earle M. Hillman	1962-1968
	William B. Skelton	1915-1919	*	John G. Feehan	1968-1977
	Charles W. Mullen	1915-1916		Leslie H. Stanley	1970-1976
	John E. Bunker	1917-1917	*	Peter Bradford	1971-1977
	Herbert W. Trafton	1918-1936			1982-1987
*	Charles E. Gurney	1921-1927		Lincoln Smith	1975-1982
	Albert Greenlaw	1924-1933	*	Ralph H. Gelder	1977-1983
*	Albert J. Stearns	1928-1934		Diantha A. Carrigan	1977-1982
	Edward Chase	1934-1940		Cheryl Harrington	1982-1991
*	Frank E. Southard	1935-1953	*	David Moskovitz	1984-1989
	C. Carroll Blaisdell	1937-1941	*	Kenneth Gordon	1988-1993
	James L. Boyle	1941-1947		Elizabeth Paine	1989-1995
	George E. Hill	1942-1953		Heather F. Hunt	1995-1998
	Edgar F. Corliss	1948-1954		William M. Nugent	1991- 2003
*	Sumner T. Pike	1954-1955	*	Thomas L. Welch	1993-2005
	Frederick N. Allen	1954-1967		Stephen L. Diamond	1998-2006
	Richard J. McMahon	1955-1961	*	Sharon M. Reishus	2003-current
*	Thomas E. Delahanty	1955-1958	*	Kurt Adams	2005-2008
*	David M. Marshall	1958-1969		Vendean V. Vafiades	2007-current
				Jack Cashman	2008-current

* Chairman

GLOSSARY

- **Access Charges:** The rates that a long-distance carrier pays to local telephone companies for connecting to the local network. Access charges are a major cost component of toll rates.

- **Aggregator:** "Aggregator" means an entity that gathers individual customers together for the purpose of purchasing electricity, provided such entity is not engaged in the purchase or resale of electricity directly with a competitive electricity provider, and provided further that such customers contract for electricity directly with a competitive electricity provider.

- **All-In Rate:** The total price for electricity, including generation and delivery (transmission and distribution service).

- **Bill Unbundling (Itemized Billing):** The separation of Electricity Supply charges from Delivery Service charges on Maine consumers' electric bills beginning in January 1999.

- **Competitive Electricity Provider:** A marketer, broker, aggregator or any other entity selling electricity to the public at retail.

- **Cramming:** The practice of adding fees or charges to a consumer's bill for services that were either never provided or for services that the customer did not register for (see also Slamming).

- **Customer Classes for Electricity Consumers:** Residential/small non-residential; Medium non-residential; Large non-residential. Non-residential class determined by customer's kW demand peak.

- **Delivery Service:** The transmission and distribution of electricity to Maine consumers by a Commission-regulated distribution company.

- **Distribution Company:** A Commission-regulated utility that, after March 2000, provided only Delivery Service.

- **Electric Restructuring:** The redesign of the State's electric utility industry giving Maine consumers the right to choose their electricity supplier. The result of a law passed by the Maine Legislature in 1997.

- **Electric Supply:** Electricity that is sold or resold by a Commission-licensed Electricity Supplier, or provided under the Standard Offer.

- **Electricity Utility:** A monopoly utility that, until March 2000, provided both Electricity Supply and Delivery Service. In March 2000, electric utilities became distribution companies.

- **Eligible Telecommunications Carrier:** A basic service provider designated by the Commission as an eligible telecommunications carrier for purposes of section 254 of the Telecommunications Act of 1996, 47 U.S.C., § 151 *et seq*.

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- **Federal High-Cost Funds:** Universal service support mechanisms that have helped make telephone service affordable for low-income consumers and consumers who live in areas, typically rural, where the cost of providing service is high.

- **Green Power:** Power generated from renewable energy sources, such as wind and solar power, geothermal, hydropower and various forms of biomass.

- **Independent Telephone Company:** This term is often used to refer to all incumbent local exchange carriers companies other than Verizon - Maine. There are 23 of these companies in Maine, although some are owned by the same parent holding company.

- **Independent Third Party Verifier:** A third party used to verify preferred carrier changes. The third party must be qualified and independent, and must obtain the customer's oral authorization to submit the preferred carrier change that includes appropriate verification data (e.g. the customer's date of birth or social security number).

- **Intrastate Access Rates:** "Access charges" and "access rates" are those charges and rates that an interexchange carrier must pay to a local exchange carrier in order to provide intrastate interexchange service in Maine.

- **Letter of Agency:** A "letter of agency" is a document containing a customer's signature that authorizes a change to a customer's preferred carrier selection.

- **LEC:** An acronym for Local Exchange Carrier. These companies provide basic local service. Subsets of LECs include incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). The incumbents are the existing monopoly providers, and competitive carriers are the new entrants in those markets. An ILEC can be a CLEC in a region outside of its existing monopoly service area.

- **Lifeline & Link-Up:** These programs assist low-income consumers in obtaining and affording telecommunications services.

- **NPA / NXX:** NPA is an acronym that essentially stands for area code. In Maine's case, the entire State falls within the 207 NPA. NXX is the abbreviation for the three digit sequence following the area code. For instance, if a person's telephone number was (207) 555-1234, the NPA would be 207 and the NXX would be 555. If Maine runs out of NXX codes, then a new NPA may be needed.

- **Public Interest Payphone "PIP":** As cell phones have become nearly ubiquitous, legacy telephone companies have removed public payphones that no longer collect enough revenue to support their operation. PIP phones aim to protect public safety, health and welfare by preserving public service for emergency calls in key locations around Maine.

- **Prescribed Toll Carrier "PIC":** The carrier to which a customer is presubscribed for local, intrastate, interstate, or international telecommunications service.

- **Qualifying Facility:** A small power production or cogeneration facility that meets the Federal Energy Regulatory Commission's ownership and technical requirements is a qualifying facility.

- **RBOC:** An acronym for Regional Bell Operating Company. In Maine's case, the incumbent RBOC is FairPoint.

- **Renewable Energy:** Energy from fuel cells, tidal power, solar energy, wind power, geothermal power, hydroelectric energy, biomass and municipal solid waste.

- **Retail Electric Competition:** A system under which more than one competitive electric provider can sell to retail customers, and retail customers are allowed to buy from more than one provider.

- **Section 271:** The section of the Federal Telecommunications Act of 1996 that addresses the conditions for Regional Bell Operating Company entry into the interstate market. Section 271 is also sometimes known as the "competitive checklist."

- **Slamming:** The illegal practice of switching a consumer's telephone carrier or electrical supplier without obtaining proper consent (see also Cramming).

- **Standard Offer Service:** Electric generation service provided to any electricity consumer who does not obtain electric generation service from a competitive electricity provider.

- **Stranded Costs:** A utility's legitimate, verifiable and unmitigable costs made unrecoverable as a result of the restructuring of the electric industry required by 35-A M.R.S.A. Chapter 32 determined by the Commission pursuant to 32-A M.R.S.A. § 3208.

- **Unbundled:** Electric utility bills that state the current cost of electric capacity and energy separately from transmission and distribution charges and other charges for electric service.

- **Universal Service:** The principle that all Americans should be able to afford at least a minimal level of basic telephone service.

- **Wireless Fidelity:** A wireless local area network providing "hotspots" with high-speed internet access service.

Maine Public Utilities Commission

The Commissioners wish to thank the staff of the Commission for assisting in the preparation of this report, with special thanks to the editors and contributing writers.

Editors

Fred Bever
Paulina Collins
Karen Geraghty
Jennifer Paul

Contributing Writers

Denis Bergeron
Jim Buckley
Derek Davidson
Tammy Chamberlain
Paula Cyr
Gary Farmer
Lisa Fink
Nancy Goodwin
Andrew Hagler
Faith Huntington
Maria Jacques
Stephen Lewis
Carol MacLennan
Marjorie McLaughlin
Stephani Morancie
Joel Shifman
Chris Simpson
Lucretia Smith
Amy Spelke
Joanne Steneck
Joseph Sukaskas
Mitch Tannenbaum

We welcome feedback on how we can improve next year's report. Send your comments to Karen Geraghty at 207-287-3831 or mailto:karen.geraghty@maine.gov

This Annual Report was published by the Maine Public Utilities Commission.
This publication is printed under appropriation # 014-65A-0184-01.