

STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND AND FOURTEEN

S.P. 440 - L.D. 1278

**An Act To Ensure Equitable Support for Long-term Energy Contracts**

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

**Sec. 1. 35-A MRSA §3210-C, sub-§8**, as repealed and replaced by PL 2009, c. 415, Pt. A, §23, is amended to read:

**8. Cost recovery.** The commission shall ensure that ~~an investor-owned transmission and distribution utility recovers in rates~~ all costs of and direct financial benefits associated with contracts entered into pursuant to subsection 3, ~~including but not limited to any impacts on the utility's costs of capital~~ under this section are allocated to ratepayers in accordance with section 3210-F. A price differential existing at any time during the term of the contract between the contract price and the prevailing market price at which the capacity resource is sold or any gains or losses derived from contracts for differences must be reflected in rates the amounts charged to ratepayers and may not be ~~deemed to be considered~~ imprudent.

**Sec. 2. 35-A MRSA §3210-F** is enacted to read:

**§3210-F. Allocation of costs and benefits of long-term energy contracts**

The commission shall ensure that all eligible costs and benefits associated with a long-term energy contract are allocated to ratepayers in accordance with this section.

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible costs and benefits" means the net amount of all costs and direct financial benefits associated with long-term energy contracts entered into by investor-owned transmission and distribution utilities, including but not limited to any effects on a utility's cost of capital as a result of these contracts.

B. "Long-term energy contract" means a contract with an investor-owned transmission and distribution utility entered into under section 3210-C or section 3604.

**2. Eligible costs and benefits.** The commission shall determine the eligible costs and benefits of a long-term energy contract annually.

**3. Allocation of eligible costs and benefits.** The commission shall annually allocate to each investor-owned transmission and distribution utility its pro rata share of eligible costs and benefits as determined under subsection 2. The allocation must be based on each utility's total retail kilowatt-hour energy sales to ratepayers that receive the benefits and pay the costs of long-term energy contracts. The commission may determine the means to be used for the allocation required under this section, which may include the direct transfer of funds between investor-owned transmission and distribution utilities.

**4. Rules.** The commission may adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules as defined by Title 5, chapter 375, subchapter 2-A.

**Sec. 3. 35-A MRSA §3603, sub-§2, ¶C,** as enacted by PL 2009, c. 329, Pt. A, §4, is repealed.

**Sec. 4. 35-A MRSA §3604, sub-§8,** as enacted by PL 2009, c. 329, Pt. A, §4, is repealed and the following enacted in its place:

**8. Cost and benefit allocation.** The commission shall ensure that all costs and benefits associated with contracts involving investor-owned transmission and distribution utilities entered into under this section are allocated to electricity consumers in accordance with section 3210-F.

**Sec. 5. Transition; intent.** The cost and benefit allocation mechanism set forth in the Maine Revised Statutes, Title 35-A, section 3210-F applies to all costs and benefits incurred after the effective date of this Act, including the costs and benefits from long-term energy contracts entered into prior to the effective date of this Act and including contracts entered into pursuant to Public Law 2009, chapter 615, Part A, section 6, as amended. This Act is not intended to change which customer or ratepayer classes within each investor-owned transmission and distribution utility receive the benefits or pay the costs of long-term energy contracts but rather to distribute the benefits and costs of the State's long-term energy contracts equitably among the State's investor-owned transmission and distribution utilities based on a utility's pro rata share of total retail kilowatt-hour energy sales to ratepayers that receive the benefits and pay the costs of long-term contracts.