

MAINE PUBLIC UTILITIES COMMISSION

ANNUAL REPORT

February 3, 1992

- REFERENCE -

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Public Access Commission
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Public Utilities Commission
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I. INTRODUCTION

Pursuant to 35-A M.R.S A. § 120, the Public Utilities Commission is required to report annually to the Legislature on:

1. The Commission's planned expenditures for the year and its use of funds in the previous year; and
2. The waiver, exemption, receipt and expenditure of any filing fees, expenses, reimbursements or fines collected under Title 35-A M.R.S.A.

In addition, pursuant to 35-A M.R.S A. § 4358, the Commission is required to report to the Joint Standing Committee on Appropriations and Financial Affairs on fiscal activities relating to the Nuclear Decommissioning Financing Act.

Finally, we have included information relating to organization, case load and other activities.

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

II. PURPOSE AND ORGANIZATION

Purpose

The Public Utilities Commission's purpose is to protect the public by ensuring that utilities operating in the State of Maine provide adequate and reliable service to the public at rates that are reasonable and just. The Commission is a quasi-judicial body which rules on cases involving rates, service, financing and other activities of the utilities it regulates. The Commission has jurisdiction over 152 water utilities, 13 electric utilities, 11 water carriers, 1 gas utility, 19 telephone utilities, 16 radio common carriers and resellers, 451 COCOTs, and 1 competitive interexchange carrier. These utilities had total revenues in 1991 of more than \$1.37 billion.

Organization

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

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

Administrative Division

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

public information and assists the General Counsel of the Legal Division in providing information to the Legislature.

Included within the Administrative Division are the Information Resource Center and Computer System Management section.

The Information Resource Center, staffed by a full-time Professional Librarian, provides resource and information services to all divisions of the Commission.

Consumer
Assistance
Division

The Consumer Assistance Division (CAD) receives, analyzes and responds to complaints from Maine utility customers. The CAD assists individual customers in resolving their disputes with the utility and analyzes those complaints to determine what utility practices, if any, need to be corrected. The Division analyzes utility rate filings and prepares data requests and testimony on quality of service issues in major rate cases. In addition, the Division participates in Commission-initiated investigations and other cases which relate to quality of service, energy conservation and low income payment matters.

Finance Division

The Finance Division is responsible for conducting financial investigations and analysis of telephone, electric, gas and water utilities, and for conducting other research about Maine utilities. The Division analyzes all applications of utilities to issue stocks, bonds or notes. The Division prepares testimony and other material concerning fuel clauses, cost of capital, rate cost of capital, rate base, revenues, expenses, depreciation and rate design for rate cases. The Division assists in the preparation of questions for cross-

examination on accounting and finance matters, presents direct testimony, evaluates rate case exhibits and advises the Commission on financial and economic issues.

Legal Division

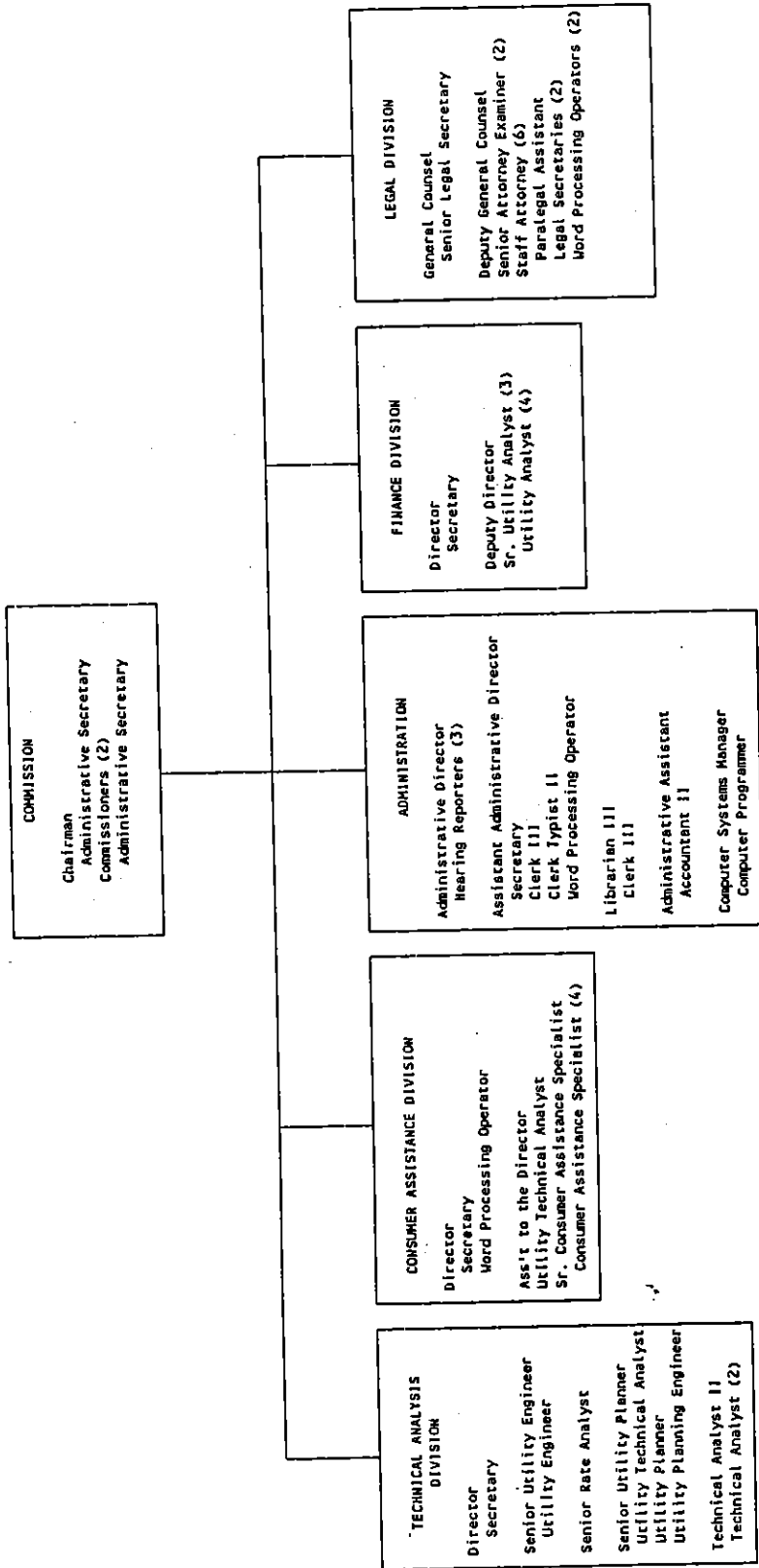
The Legal Division represents the Commission before federal and state appellate and trial courts and agencies. It provides examiners and legal advocates in cases before the Commission and assists in preparing and presenting Commission views on Legislative proposals. Examiners preside over Commission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

Technical Analysis Division

The Technical Analysis Division provides expert advice to the Commission on questions of engineering, economics, science, mathematics, statistics, and other technical elements of policy analysis. When assigned to litigated cases as advocates, staff technical analysts work with consultants and other staff in all elements of case advocacy, and often testify as expert witnesses. When assigned as advisors, they help the Commission and hearing examiners to understand and analyze the technical aspects of the evidence presented, and assist them in writing examiner's reports and Commission orders. Specific tasks include preparing and reviewing cost allocations and rate design proposals, analyzing and evaluating utility planning

and operating decisions, reviewing plans and specifications of major utility construction projects, inspecting system improvements on site, monitoring utility reports, evaluating technical performance, and reviewing standards of service. The Division also advises the Commission and CAD on line extensions, inspects gas pipelines to ensure safe operation, investigates gas explosions, and investigates electrical accidents involving loss of human life. Technical analysts use computer modeling and data analysis techniques as needed, and keep abreast of relevant professional developments.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION



III. FISCAL INFORMATION

The Public Utilities Commission is required by 35-A M.R.S.A. § 120 to report annually to the Joint Standing Committee on Utilities on its planned expenditures for the year and on its use of funds in the previous year. The Commission is also required to report to the Joint Standing Committee on Appropriations and Financial Affairs on activity relating to the Nuclear Decommissioning Financing Act.¹ This section of the report fulfills these statutory requirements and provides additional information regarding the Commission's budget.

The Commission had two major sources of funding in FY 91: A General Fund appropriation of \$919,763 from which \$498,763 was deappropriated pursuant to P.L. 1991, c.9, and a Regulatory Fund of \$3,378,000. The Regulatory Fund is raised through an assessment on utilities pursuant to 35-A M.R.S.A. § 116. The assessment process is described in Section 4 of this chapter.

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

The Commission was authorized 69 full-time positions in FY 91, 21 in the General Fund and 48 in the Regulatory Fund. The 21 General Fund positions were transferred to the Regulatory Fund effective January 1, 1991.

¹See YEAR IN REVIEW section regarding the status of the Act.

1. Fiscal Year 91

In FY 91, the Commission expended approximately \$3.8 million regulating more than 200 utilities with gross revenues exceeding \$1.37 billion. Exhibit A summarizes General Fund activity and activity in other funds administered by the Commission. Exhibit C details FY 91 expenditures by line category.

General Fund

The General Fund allocation for FY 91 was \$919,763. \$417,683 was expended entirely for Personal Services, and \$498,763 was deappropriated pursuant to P.L. 1991, c.9. \$3,317 lapsed to the General Fund.

Regulatory Fund

The authorized Regulatory Fund assessment for FY 91 was \$3,378,000. The actual amount billed to utilities was reduced by \$142,883 using part of the balance remaining at the end of FY 89.¹ In addition to the assessment, an unencumbered balance of \$439,061 and encumbrances of \$331,108 were brought forward from FY 90. \$3,373,272 was expended. Details of these expenditures are presented in Exhibit C. An encumbered balance of \$58,020 and an unencumbered balance of \$601,914 were brought forward to FY 92. The encumbered balances generally represent ongoing contracts for consulting services.

¹ Pursuant to 35-A M.R.S.A. § 116(5), balances up to 7% of the Regulatory Fund may be brought forward to the next fiscal year. If those are to be moved from one line category to another, the approval of the Governor is required. Any amount over 7% must be reallocated by the Legislature or used to reduce the utility assessment in the following year. The 7% figure was reduced to 5% pursuant to P.L. 1991, c.343.

Pursuant to PL 1989, c.24, the Commission received \$45,000 during FY 90 to study telephone relay services for the hearing impaired. \$39,955 was expended, and the balance of \$5,045 was reimbursed by reducing the annual assessment billed to communications utilities on May 1, 1991.

Decommissioning
Fund

This account was closed in FY 86. There was no activity during FY 91.

Filing Fees

The filing fee account had an encumbered balance of \$10,283 brought forward. This amount was expended for consulting services in the Bangor Hydro Electric Company Basin Mills, Veazie and Milford hydro electric cases. \$6,970 was received from Central Maine Power Company in relation to the "York Transmission Line case." This filing was rejected by the Administrative Director for insufficiency, and the filing fee was returned to CMP.

Miscellaneous
Reimbursements

Miscellaneous reimbursements consist of funds received for copies of documents such as monthly dockets, agenda and decisions and for other miscellaneous items. \$9,936 was brought forward from FY 90. An additional \$7,102 was received during FY 91. \$16,885 was expended, and an unencumbered balance of \$153 was brought forward to be expended during FY 92. In FY 91, no fines were collected by the Commission.

2. Fiscal Year 92

Exhibit B details the Commission's FY 92 Regulatory Fund budget. Encumbered balances brought forward from FY 91 are included. The right hand column represents the total funds available to the Commission in FY 92 by account and line category.

3. The Budget
in Perspective

Exhibit C details the Commission's General Fund and Regulatory Fund budgets for a three-year period. The left hand column includes amounts actually expended in FY 91. Column 2 contains FY 92's expenditure plan. Column three contains the FY 93 Budget.
4. The Regulatory
Fund Assessment
in Perspective

Exhibit D details the Regulatory Fund assessment since FY 80. Annual Reports filed by the utilities with the Commission include revenues for the previous year ending December 31. Calculations are made to determine what percentage of the total reported revenues will provide the amount authorized by statute. The factor derived that will raise the authorized amount is applied against the reported revenues of each utility. Pursuant to 35-A M.R.S.A. § 116, on May 1 of each year an assessment is mailed to each utility regulated by the Commission. The assessments are due on July 1. Funds derived from this assessment are for use during the fiscal year beginning on the same date.
5. Management
Audits

35-A M.R.S.A. § 113 provides that the Commission may require the performance of a management audit of the operations of any public utility in order to determine:

 - (1) The degree to which a utility's construction program evidences planning adequate to identify realistic needs of its customers;
 - (2) The degree to which a utility's operations are conducted in an effective, prudent and efficient manner;
 - (3) The degree to which a utility minimizes or avoids inefficiencies which otherwise would increase cost to customers; and
 - (4) Any other consideration which the Commission finds relevant to rate setting under Chapter 3, sections 301 and 303.

Section 113 also provides that the Commission may select an independent auditor to perform the audit, require a utility to pay for the cost of the audit and require the utility to execute a contract with the independent auditor. Finally, Section 113 provides the full cost of the audit shall be recovered from the ratepayers, and that the Commission shall consider the impact of the cost of the audit upon the ratepayers.

In FY 90, the Commission ordered a management audit of Central Maine Power Company's Computerized Customer Service System. This audit, at a cost of approximately \$48,800, was completed during FY 91. No audits were initiated during FY 91.

6. Public Utilities
Commission
Facilities Fund

Pursuant to 35-A M.R.S.A. § 116, sub-§ 7, the balance of \$1,043 in this account was used to reduce the Regulatory Fund Assessment mailed on May 1, 1991. This fund has now been closed.

EXHIBIT A

PUC FUND ACTIVITY BY ACCOUNT FOR FY 1991

| <u>Account Name</u> | <u>Amount</u> |
|------------------------------------------------------------------|---------------|
| <u>General Fund</u> | |
| Balance Brought Forward From Previous Year | \$ 0 |
| General Fund Allocation | 919,763 |
| Less Deappropriation | (498,763) |
| Less Expended | (417,683) |
| 6/30/91 Balance Lapsed To General Fund | 3,317 |
| <u>Regulatory Fund</u> | |
| Unencumbered Balance Brought Forward From Previous Year | 439,061 |
| Encumbered Balance Brought Forward From Previous Year | 331,108 |
| Funds Received | 3,235,117 |
| Add Checks Returned and Transfer of \$1,043 from Facilities Fund | 27,920 |
| Less Expended | (3,373,272) |
| Encumbered Balance Brought Forward To FY 92 | 58,020 |
| Unencumbered Balance Brought Forward to FY 92 | 601,914 |
| <u>Facilities Fund</u> | |
| Unencumbered Balance Brought Forward From Previous Year | 1,043 |
| Funds Refunded to Utilities | (1,043) |
| Unencumbered Balance Brought Forward to FY 92 | 0 |
| <u>Reimbursement Fund</u> | |
| <u>Filing Fees</u> | |
| Unencumbered Balance Brought Forward from Previous Year | 0 |
| Encumbrances Brought Forward from Previous Year | 10,283 |
| Funds Received | 6,970 |
| Refunded to Central Maine Power | (6,970) |
| Less Expended | (10,283) |
| Encumbered Balance Brought Forward to FY 92 | 0 |
| Unencumbered Balance Brought Forward to FY 92 | 0 |
| <u>Misc. Reimbursements</u> | |
| Unencumbered Balance Brought Forward from Previous Year | 9,936 |
| Funds Received | 7,102 |
| Less Expended | (16,885) |
| Unencumbered Balance Brought Forward to FY 92 | 153 |

FY 92 BUDGET & ADJUSTMENTS

| | <u>Budget</u> | <u>Adjustment</u> | <u>Adjusted Budget</u> |
|----------------------------------|--------------------|-----------------------|----------------------------|
| <u>Regulatory Fund</u> | | | |
| Positions | (69) | (0) | (69) |
| Personal Services | \$3,501,483 | \$ 1,142 ¹ | \$3,502,625 |
| Consulting | 270,000 | 57,060 ² | 327,060 |
| All Other | 695,939 | 601,732 ³ | 1,297,671 |
| Capital | <u>5,578</u> | <u>0</u> | <u>5,578</u> |
| TOTAL | \$4,473,000 | \$ 659,934 | \$5,132,934 |
| <u>Facilities Fund</u> | | | |
| Capital | \$ 0 | \$ 0 | \$ 0 |
| <u>Reimbursement Fund</u> | | | |
| Filing Fees | \$ 0 | \$ 0 | \$ 0 |
| Misc. Reimbursement | \$ 0 | \$ 153 ⁴ | \$ 153 |
| GRAND TOTAL | <u>\$4,473,000</u> | <u>\$ 660,087</u> | <u>\$5,133,087</u> |

¹ \$1,142 is required to fund a reclassification. All Other is decreased by \$1,142.

² Encumbered consulting contracts brought forward from FY 91.

³ All Other is increased by \$601,914 reflecting unencumbered balance brought forward. All Other is also increased by \$960 reflecting encumbered balance brought forward. Finally, All Other is decreased by \$1,142 required to fund a reclassification.

⁴ Unencumbered balance brought forward to FY 92.

PUC BUDGET IN PERSPECTIVE

| | <u>FY 91</u> <u>Expended</u> | <u>FY 92</u> <u>Budget</u> | <u>FY 93</u> <u>Budget</u> |
|---------------------------|---------------------------------|-------------------------------|-------------------------------|
| <u>General Fund</u> | | | |
| Positions | (21) ¹ | (0) | (0) |
| Personal Services | \$ 417,683 ¹ | \$ 0 | \$ 0 |
| Consulting | 0 | 0 | 0 |
| All Other | 0 | 0 | 0 |
| Capital | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL | \$ 417,683 | \$ 0 | \$ 0 |
| <u>Regulatory Fund</u> | | | |
| Positions | (48) | (69) | (69) |
| Personal Services | \$2,432,400 ² | \$3,502,625 ⁴ | \$3,884,032 |
| Consulting | 493,843 | 327,060 ⁵ | 285,000 |
| All Other | 435,701 | 1,297,671 ⁶ | 726,999 |
| Capital | <u>11,328</u> | <u>5,578</u> | <u>21,969</u> |
| TOTAL | \$3,373,272 | \$5,132,934 | \$4,918,000 |
| <u>Facilities Fund</u> | 1,043 ³ | 0 | 0 |
| <u>Reimbursement Fund</u> | | | |
| Filing Fees | 10,283 | 0 | 0 |
| Misc. Reimbursements | 16,885 | 153 ⁷ | 0 |
| TOTAL ALL RESOURCES | <u>\$3,819,166</u> | <u>\$5,133,087</u> | <u>\$4,918,000</u> |

¹ 21 positions were transferred to the Public Utilities Commission Regulatory Fund effective 1/1/91 pursuant to P.L. 1991, c.9.

² Regulatory Fund was increased by \$468,000 to fund the transfer of 21 positions from the General Fund pursuant to P.L. 1991, c.9.

³ \$1,043 was refunded to the utilities.

(Con't. of footnotes)

- ⁴ Personal Services is increased by \$1,142 to fund a reclassification. All Other is decreased by \$1,142.
- ⁵ Consulting is increased by \$57,060 reflecting encumbered contracts brought forward to FY 92.
- ⁶ All Other is increased by \$601,914 reflecting unencumbered balance brought forward. All Other is also increased by \$960 reflecting encumbered balance brought forward. Finally, All Other is decreased by \$1,142 required to fund a reclassification.
- ⁷ Unencumbered balance brought forward to FY 92.

EXHIBIT D

Assessment Detail

| For Use in FY | Mailing Date/ Due Date | \$ Annual Revenues Electric | \$ Telecom. | \$ Water | \$ Gas | \$ Water Carriers | \$ Total Revenues (Utilities) | \$ Assessment Factor | \$ Net Amount Assessed by PUC | \$ Gross Assessment |
|---------------|---------------------------|-----------------------------|-------------|------------|------------|-------------------|-------------------------------|----------------------|--------------------------------------|---------------------|
| FY 1980 | 11/79-01/01/80 | 186,278,293 | 139,683,694 | 24,086,603 | 6,749,736 | | 356,798,326 | .00021 | 74,816 (Nearest \$10) | 75,000 |
| FY 1981 | 05/80-07/01/80 | 206,762,413 | 153,652,974 | 25,465,331 | 7,374,962 | | 393,255,630 | .000381 | 149,830 (Nearest \$10) | 150,000 |
| FY 1982 | 05/81-07/01/81 | 216,243,682 | 165,108,544 | 28,421,070 | 8,932,172 | | 418,705,468 | .00035824 | 149,796 (Nearest \$10) | 150,000 |
| FY 1982 | 06/81-08/01/81 | 216,243,682 | 165,103,544 | 28,421,070 | 8,932,172 | | 418,705,468 | .0007165 | 299,983 (Nearest \$5) | 300,000 |
| FY 1983 | 05/82-07/01/82 | 462,967,673 | 182,850,133 | 32,220,884 | 14,428,444 | 803,933 | 692,471,067 | .00187733 | 1,299,996 (Nearest \$1) | 1,300,000 |
| FY 1984 | 05/83-07/01/83 | 508,838,895 | 194,922,674 | 36,803,237 | 19,309,123 | 959,425 | 760,329,404 | .00170366 | 1,299,999 (Nearest \$1) | 1,300,000 |
| FY 1984 | 06/83-08/01/83 | 508,838,895 | 194,922,674 | 36,939,287 | 19,308,123 | 959,425 | 760,829,404 | .0002103 | 159,984 (Nearest \$1) | 160,000 |
| FY 1985 | 05/84-07/01/84 | 546,977,166 | 210,502,523 | 40,372,798 | 21,206,118 | 984,106 | 820,042,711 | .001943801 | 1,593,904 (Nearest \$1) | 1,594,000 |
| FY 1986 | 05/85-07/01/85 | 630,565,108 | 210,877,202 | 42,290,155 | 20,517,627 | 1,080,600 | 905,330,692 | .002092053 | 1,893,914 (Nearest \$1) | 1,894,000 |
| FY 1986 | 05/85-07/01/85 | 630,565,108 | 210,877,202 | 42,290,155 | 20,517,627 | 1,080,600 | 905,330,692 | .0002762359 | 249,999 (Nearest \$1) | 250,000 |
| FY 1987 | 05/86-07/01/86 | 670,908,924 | 238,902,099 | 43,400,274 | 19,213,032 | 1,211,241 | 973,635,570 | .0019916011 | 1,938,997 (Nearest \$1) | 1,939,000 |
| FY 1987 | 05/86-07/01/86 | 670,908,924 | 238,902,099 | 43,400,274 | 19,213,032 | 1,211,241 | 973,635,570 | .0002568575 | 249,993 (Nearest \$1) | 250,000 |
| FY 1987 | 11/86-12/01/86 | 670,908,924 | 238,902,099 | 43,400,274 | 19,213,032 | 1,211,241 | 973,635,570 | .00014388701 | 139,999 (Nearest \$1) | 140,000 |
| FY 1988 | 05/87-07/01/87 | 645,757,051 | 275,047,659 | 45,215,835 | 17,911,730 | 936,922 | 984,869,197 | .002253091 | 2,219,000 (Nearest \$1) | 2,219,000 |
| FY 1989 | 05/88-07/01/88 | 721,684,049 | 286,419,434 | 48,176,192 | 17,744,522 | 1,035,357 | 1,075,059,544 | .002148 | 2,309,000 (Nearest \$1) | 2,309,000 |
| FY 1989 | 09/19/88-11/21/88 | 721,684,049 | 286,419,434 | 48,176,192 | 17,744,522 | 1,035,357 | 1,075,059,554 | .0000716949 | 77,000 (Nearest \$1) | 77,000 |
| FY 1990 | 05/01/89-07/01/89 | 783,537,776 | 312,154,685 | 50,659,705 | 18,555,805 | 1,214,007 | 1,166,121,978 ¹ | .002266354 | 2,642,845 (Nearest \$1) ² | 2,696,000 |
| FY 1990 | 05/26/89-07/01/89 | | 312,154,685 | | | | 312,154,685 ¹ | .000144158 | 45,000 (Nearest \$1) | 45,000 |
| FY 1991 | 05/01/90-07/01/90 | 837,377,145 | 349,185,418 | 52,855,076 | 21,928,319 | 1,536,596 | 1,262,883,554 ¹ | .00219111 | 2,767,117 (Nearest \$1) ³ | 2,910,000 |
| FY 1991 | 03/13/91-04/22/91 | 837,377,145 | 349,185,418 | 52,855,076 | 21,928,319 | 1,536,596 | 1,262,883,554 ¹ | .00037058 | 468,000 (Nearest \$1) | 468,000 |
| FY 1992 | 05/01/91-07/01/91 | 927,601,155 | 358,682,900 | 58,784,656 | 26,182,164 | 1,537,296 | 1,372,788,171 ¹ | .002445819 | 3,352,662 (Nearest \$1) ⁴ | 3,378,000 |
| FY 1992 | 10/01/91-11/29/91 | 927,601,155 | 358,682,900 | 58,784,656 | 26,182,164 | 1,537,296 | 1,372,788,171 ¹ | .00066091172 | 907,323 (Nearest \$1) ⁵ | 1,095,000 |

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

2 Assessment was reduced by \$3,155 which was available from the balance remaining in FY 88.

3 Assessment was reduced by \$142,883 which was available from the balance remaining in FY 89.

4 Assessment was reduced by \$25,338. \$5,045 for communications utilities, \$1,101 for Facilities Fund, and \$19,192 from Regulatory Fund balance forward from FY 90.

5 Assessment was reduced by \$187,577 which was available due to furlough days offsetting projected 7% increase in Personal Services.

IV. CASE STATISTICS AND OTHER ACTIVITIES

1. Caseload

At the end of calendar year 1990, 154 cases were pending on the Public Utilities Commission Docket. During 1991, 361 new cases were docketed. 84 of the 154 pre-1991 cases and 262 of the 361 new cases were closed during 1991. At the end of 1991, 169 cases remained on the Commission's docket. Thus, in 1991, the Commission closed 346 cases. (See Exhibit E)

Exhibit F breaks down Commission activity in 1991 by type of utility and type of Commission initiated action, e.g., investigations and rulemakings, and further details the types of cases that were docketed during 1991.

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

¹ All references in this section are to calendar year(s) unless otherwise noted.

| <u>TERM</u> | <u>EXPLANATION</u> |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rates - General | Pursuant to filing requirements of Chapter 120 and Sections 307 and 310, ¹ the Commission reviews proposed changes in rates. General rate filings involve general increases in rates that significantly affect the utility's revenues. The Commission may suspend these filings for up to nine months. At the end of nine months, in the absence of action by the Commission, these rates become effective by operation of law. |
| Rates - Limited | Pursuant to Sections 307 and 310, limited rate filings involve minor adjustments to individual tariffs and do not significantly impact on overall utility revenues. |
| Terms and Conditions | Pursuant to Section 304, every public utility shall file all terms and conditions that affect rates charged or to be charged for any service. |
| Rates - Municipal and Quasi-Municipal Water Utilities | Under Section 6104, rate filings by municipal and quasi-municipal water utilities are effective by operation of law unless a valid petition is received. |
| Rates - Customer-Owned Electric Utilities | Under Section 3502 rate filings by customer-owned electric utilities are effective by operation of law unless a valid petition is received. |
| Security Issuances | Pursuant to Section 902, the Commission must approve the issuance of securities by utilities. |
| Sell Lease Mortgage of Property | Sections 1101, <u>et seq.</u> require Commission authorization before a utility can sell, lease, assign mortgage or otherwise dispose of property. |

¹ Unless otherwise noted, all references in these explanations are to sections of 35-A M.R.S A.

| | |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Change of Capital | Pursuant to Section 910, no utility can change its capital or purposes without consent or approval of the Commission. |
| Commercial Transportation of Water | Pursuant to 22 M.R.S.A. Section 2660, the Commissioner of the Department of Human Services consults with the Commission (among other agencies) as to whether proposals to transport water commercially from a site where it occurs naturally will constitute a threat to public health, safety or welfare, particularly in regard to its affect upon existing water utilities and their watersheds. |
| Agreements/Contracts | Pursuant to Section 703, the Commission must approve special contracts between utilities and customers. |
| Reorganization/Affiliated Interests | Under Sections 707 and 708, the Commission must approve financial transactions between a utility and an affiliated interest as well as utility reorganizations. |
| Commission Rulemakings | Section 111 authorizes the Commission to promulgate all necessary rules. |
| Commission Investigations | Section 1303 authorizes the Commission to investigate a utility whenever it believes any rate is unreasonable or that any service is inadequate or for any other appropriate reason. |
| Commission Delegations | Pursuant to Section 107, the Commission may delegate to its staff certain duties in order to more efficiently accomplish the purposes of the Commission. |
| Advisory Rulings | Chapter 110, Part 6 of the Commission Rules provides that any interested person may petition the Commission for an advisory ruling with respect to the applicability of any statute or rule administered by the Commission. |
| Ten-Person Complaints | Section 1302 provides for Commission investigation of written complaints signed by ten or more persons made against any public utility. |

System Development Charge

Pursuant to Section 6107 the Commission shall investigate this charge.

Public Convenience and Necessity

Pursuant to Sections 2102, et seq., a utility must seek Commission approval in order to provide service to a city or town in which another utility is already providing or is authorized to provide service.

Exemptions/Waivers

Pursuant to Chapters 110 and 120 of the Commission Rules, the Commission may grant exemptions or waivers from certain of the Commission's rules.

Cost of Fuel Adjustments

Section 3101 and Chapters 34 and 36 of the Commission's Rules requires an electric utility to seek Commission approval at least annually in order to adjust its charges to customers to reflect increases or decreases in the cost of fuel used in the generation and supply of electricity. A fuel adjustment filing triggers a Section 1303 investigation. Concurrent with the filing of cost of fuel adjustments, the electric utility must file short-term avoided costs (for periods less than one year).

Limited Service Agreements

Chapter 620 of the Commission's Rules requires Commission approval of written agreements under which a water company agrees to provide and a customer agrees to accept a substandard level of service.

Cost of Gas Adjustments

Pursuant to Section 4703, a gas utility must seek Commission approval in order to adjust its gas charges to its customers to reflect increases or decreases in the cost of gas.

Conservation

Pursuant to Section 3154, utilities may file to recover reasonable costs associated with the implementation of conservation programs; and, pursuant to Chapter 380 of the Commission's Rules, utilities are authorized to undertake certain demand-side energy management programs not specifically ordered by the Commission providing the programs meet the cost effectiveness standard.

Construct
Transmission Line

Pursuant to Section 3132, construction of
generating facilities and transmission lines
are prohibited without Commission approval.

Authority to Serve
Casco Bay

Pursuant to Section 5101, et seq. provision
of water carrier service in Casco Bay requires
Commission approval.

2. Rate Case
Decisions

During calendar year 1991 two electric utility general rate cases were processed (Exhibit G). In addition, twenty Section 6104 municipal and quasi-municipal water utility rate cases (Exhibit I) and ten general water utility rate cases were processed (Exhibit J).

Exhibit H indicates that the 1991 fuel revenues accounted for approximately \$514.3 million of approximately \$1,087 million in gross operating revenues for Central Maine power Company, Bangor Hydro-Electric Company and Maine Public Service Company combined. This Exhibit also charts the historic proportionate ratio of fuel revenue to gross revenue for Maine's three largest electric utilities since 1989.

Also, referring to Exhibit H, the 1991 Northern Utilities cost of gas accounted for approximately \$14.6 million of \$25 million in gross operating revenues.

A large portion of the Commission's work is generally devoted to a small number of cases, usually involving the larger utilities. Exhibit K demonstrates this fact. Of 91 days of hearings held by the Commission in 1991, 36 of these were devoted to three cases.

| | <u>Electric</u> | <u>Communications</u> | <u>Gas</u> | <u>Water</u> | <u>Water Carrier</u> | <u>Rulenakings</u> | <u>Investigations</u> | <u>Delegations</u> | <u>Misc.</u> | <u>Total</u> |
|------------------------|-----------------|-----------------------|------------|--------------|----------------------|--------------------|-----------------------|--------------------|--------------|--------------|
| 1986 CASE SUMMARY | | | | | | | | | | |
| Cases Docketed in 1986 | 36 | 90 | 13 | 55 | 13 | 17 | 2 | 6 | 6 | 246 |
| Cases Decided in 1986 | 47 | 88 | 9 | 61 | 13 | 15 | 3 | 2 | 8 | 246 |
| Cases Pending 12/31/86 | 26 | 44 | 7 | 16 | 1 | 8 | 9 | 0 | 0 | 126 |
| 1987 CASE SUMMARY | | | | | | | | | | |
| Cases Docketed in 1987 | 80 | 94 | 12 | 81 | 5 | 18 | 10 | 2 | 13 | 315 |
| Cases Decided in 1987 | 81 | 105 | 16 | 76 | 6 | 15 | 28 | 2 | 13 | 342 |
| Cases Pending 12/31/87 | 25 | 33 | 3 | 21 | 0 | 11 | 6 | 0 | 0 | 99 |
| 1988 CASE SUMMARY | | | | | | | | | | |
| Cases Docketed in 1988 | 76 | 121 | 5 | 104 | 3 | 15 | 10 | 5 | 9 | 348 |
| Cases Decided in 1988 | 61 | 108 | 5 | 92 | 2 | 20 | 5 | 5 | 2 | 300 |
| Cases Pending 12/31/88 | 40 | 46 | 3 | 33 | 1 | 6 | 11 | 0 | 7 | 147 |

| | <u>Electric</u> | <u>Communications</u> | <u>Gas</u> | <u>Water</u> | <u>Water Carrier</u> | <u>Rulemakings</u> | <u>Investigations</u> | <u>Delegations</u> | <u>Misc.</u> | <u>Total</u> |
|------------------------|-----------------|-----------------------|------------|--------------|----------------------|--------------------|-----------------------|--------------------|--------------|--------------|
| 1989 CASE SUMMARY | | | | | | | | | | |
| Cases Docketed in 1989 | 87 | 173 | 6 | 137 | 14 | 4 | 8 | 3 | 8 | 440 |
| Cases Decided in 1989 | 99 | 152 | 4 | 145 | 12 | 6 | 3 | 3 | 15 | 439 |
| Cases Pending 12/31/89 | 28 | 67 | 5 | 25 | 3 | 4 | 16 | 0 | 0 | 148 |
| 1990 CASE SUMMARY | | | | | | | | | | |
| Cases Docketed in 1990 | 83 | 117 | 8 | 107 | 8 | 3 | 7 | 1 | 7 | 341 |
| Cases Decided in 1990 | 79 | 118 | 8 | 105 | 9 | 4 | 4 | 1 | 7 | 335 |
| Cases Pending 12/31/90 | 32 | 66 | 5 | 27 | 2 | 3 | 19 | 0 | 0 | 154 |
| 1991 CASE SUMMARY | | | | | | | | | | |
| Cases Docketed in 1991 | 79 | 163 | 6 | 90 | 11 | 3 | 6 | 3 | 0 | 361 |
| Cases Decided in 1991 | 75 | 161 | 7 | 83 | 7 | 4 | 6 | 3 | 0 | 346 |
| Cases Pending 12/31/91 | 36 | 68 | 4 | 34 | 6 | 2 | 19 | 0 | 0 | 169 |

1991 Cases Docketed

Filings

| TYPE | Electric | Gas | Communications | Water | Water Carrier | Others | Comm. Initiated | Totals |
|----------------------------------------------------------|-----------|-----------|----------------|-----------|---------------|----------|-----------------|------------|
| Rates - General | 2 | | | 8 | | | | 10 |
| Rates - Limited | 3 | | 109 | 7 | 1 | | | 120 |
| Terms & Conditions (§ 304) | 2 | 1 | 2 | 11 | | | | 16 |
| Rates - Water District (§ 6104) | 1 | | | 23 | | | | 23 |
| Rates - Customer-Owned Electric (§ 3502) | 6 | 1 | 3 | 20 | 1 | | | 31 |
| Securities Issues (§ 902) | 1 | | 1 | 3 | | | | 5 |
| Sell, Lease or Mortgage of Property (§ 1101 et seq.) | 5 | | | | | 1 | | 5 |
| Change of Capital (§ 910) | | | | | | | | 1 |
| Transport Water, Commercially (22 M.R.S.A. § 2660) | 7 | 1 | 1 | | | | | 9 |
| Agreements/Contracts (§ 703) | 3 | | 12 | 3 | | | | 18 |
| Reorganizations/Affiliated Interests (§§ 707 & 708) | | | | | | | 3 | 3 |
| Commission Rulemakings (§ 111) | | | | | | | 9 | 9 |
| Commission Investigations (§ 1303) | | | | | | | 2 | 2 |
| Commission Delegations (§ 107) | 3 | | 1 | 2 | | | | 6 |
| Advisory Rulings (Chapter 110, Part 6) | 4 | | 10 | 3 | | | | 17 |
| Ten-Person Complaints (§ 1302) | | | | 1 | | | | 1 |
| System Development Charge (§ 6107) | 1 | | 14 | 1 | 3 | | | 19 |
| Public Convenience & Necessity (§ 2102 et seq.) | 8 | | 4 | 2 | | | | 14 |
| Exemptions/Waivers - Rules/Statutes (Chapters 110 & 120) | 7 | | | | | | | 7 |
| Cost of Fuel Adjustments (§ 3101) | | | | 4 | | | | 4 |
| Limited Service Agreement (Chapter 620) | | 3 | | | | | | 3 |
| Cost of Gas Adjustments (§ 4703) | 18 | | | | | | | 18 |
| Conservation (§ 3154) | 1 | | | | 7 | | | 7 |
| Construct Transmission Line (§ 3132) | | | | 1 | 1 | | | 2 |
| Authority to Serve Casco Bay (§ 5105) | | 6 | | | | 1 | | 7 |
| Others | 2 | | | 1 | | | | 3 |
| Totals | 74 | 12 | 157 | 89 | 13 | 2 | 14 | 361 |

Public Utilities Commission
 Information Resource Center
 State House Station 13
 Augusta, ME 04333 0018

ELECTRIC UTILITY GENERAL RATE CASES
FILED PURSUANT TO §§ 307, 310
EFFECTIVE IN 1991

| <u>Docket No.</u> | <u>Utility</u> | <u>Amount Requested</u> | <u>Amount Allowed</u> | <u>% Increase Allowed</u> |
|-------------------|---------------------------|-----------------------------|---------------------------|-------------------------------|
| 90-281 | Maine Public Service Co. | \$ 3,634,400 | \$ 1,857,000 | 4.1 |
| 91-010 | Bangor Hydro-Electric Co. | \$19,123,850 | \$11,775,000 | 8.03 |

FUEL IN ELECTRIC RATES
(\$000)

| Company | 1989 Gross Revenue | 1989 Fuel Revenue | 1989 Fuel % | % Change in Fuel Revenue | 1990 Gross Revenue | 1990 Fuel Revenue | 1990 Fuel % | % Change in Fuel Revenue | 1991 Gross Revenue | 1991 Fuel Revenue | 1991 Fuel % | % Change in Fuel Revenue |
|---------|--------------------|-------------------|-------------|--------------------------|--------------------|-------------------|-------------|--------------------------|--------------------|-------------------|-------------|--------------------------|
| C.M.P. | \$685,436 | \$305,384 | 44.6 | 14.5 | \$756,344 | \$364,708 | 48.2 | 19.4 | \$885,828 | \$408,284 | 47.7 | 11.9 |
| B.H.E. | \$119,897 | \$60,137 | 50.2 | 9.3 | \$134,132 | \$73,323 | 54.7 | 21.9 | \$146,310 | \$84,667 | 57.9 | 15.5 |
| M.P.S. | \$56,837 | \$21,616 | 38.0 | 10.4 | \$54,530 | \$20,276 | 37.2 | (6.2) | \$54,857 | \$21,391 | 39.0 | 5.5 |
| | <u>\$862,170</u> | <u>\$387,137</u> | <u>44.9</u> | <u>13.4</u> | <u>\$945,006</u> | <u>\$458,307</u> | <u>48.5</u> | <u>18.4</u> | <u>\$1,086,995</u> | <u>\$514,342</u> | <u>47.3</u> | <u>12.2</u> |

COST OF GAS ADJUSTMENT IN NATURAL GAS RATES
(\$000)

| Company | 1989 Gross Revenue | 1989 Gas Cost | 1989 % Gas | % Change in Gas Revenues | 1990 Gross Revenue | 1990 Gas Cost | 1990 % Gas | % Change in Gas Revenues | 1991 Gross Revenue | 1991 Gas Cost | 1991 % Gas | % Change in Gas Revenues |
|---------|--------------------|---------------|------------|--------------------------|--------------------|---------------|------------|--------------------------|--------------------|---------------|------------|--------------------------|
| N.U. | \$21,840 | \$12,290 | 56.3 | 19.1 | \$26,182 | \$14,518 | 55.5 | 19.9 | \$24,998 | \$14,599 | 58.4 | -4.5 |

MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES
 RATE CASES PURSUANT TO §6104
 COMPLETED IN 1991

| Docket No. | Utility | Proposed Revenue | Increase over Prior Year | % Increase | Effective |
|------------|--------------------------------|------------------|--------------------------|------------|-----------|
| 90-320*** | Auburn Water District | \$1,300,000.00 | \$250,000.00 | 23.81 | 2/7/90 |
| 90-331 | Boothbay Harbor Water System | \$649,221.00 | \$72,436.00 | 12.56 | 2/28/91 |
| 91-011 | Stonington Water Company | \$77,598.00 | \$33,122.00 | 74.47 | 4/4/91 |
| 91-023 | Cornish Water District | \$108,472.00 | \$28,898.00 | 36.32 | 4/19/91 |
| 91-055 | Northport Village Corporation | \$48,684.00 | \$21,859.00 | 81.49 | 6/1/91 |
| 91-098 | Winthrop Water District | \$446,319.00 | \$143,492.00 | 47.38 | 7/1/91 |
| 91-100 | Bethel Water District | \$163,794.00 | \$59,641.00 | 57.26 | 6/30/91 |
| 91-104** | Vinalhaven Water District | \$111,331.00 | \$13,676.00 | 14.00 | 7/1/91 |
| 91-134*** | Pittsfield Water Works | \$261,654.00 | \$61,834.00 | 30.94 | 8/7/91 |
| 91-145 | Kennebec Water District | \$3,030,059.00 | \$524,151.00 | 20.92 | 8/15/91 |
| 91-166** | West Paris Water District | \$46,105.00 | \$9,792.00 | 26.97 | 10/1/91 |
| 91-194 | Mechanic Falls Water Dept. | \$229,840.00 | \$47,611.00 | 26.12 | 11/1/91 |
| 91-195** | Old Town Water District | \$982,000.00 | \$291,395.00 | 42.19 | 10/9/91 |
| 91-210 | Searsport Water District | \$328,000.00 | \$72,206.00 | 28.23 | 10/16/91 |
| 91-214 | Canton Water District | \$79,300.00 | \$27,372.00 | 52.71 | 6/1/92 |
| 91-228 | Augusta Water District | \$3,178,000.00 | \$834,000.00 | 35.58 | 11/3/91 |
| 91-242 | Harrison Water District | \$94,413.00 | \$10,862.00 | 13.00 | 1/15/92 |
| 91-279** | Farmington Village Corporation | \$533,513.00 | \$60,944.00 | 12.69 | 1/1/92 |
| 91-287 | North Haven Water Dept. | \$68,181.00 | \$19,672.00 | 40.55 | 1/4/92 |
| 91-289 | Clinton Water District | \$118,761.00 | \$6,500.00 | 5.79 | 1/1/92 |

*** = failed §6104

INVESTOR OWNED WATER UTILITIES AND WATER DISTRICT
 RATE CASES PURSUANT TO §307
 COMPLETED IN 1991

| Docket No. | Utility | Date | | Proposed Revenue | Allowed Revenues | Allowed Increase | % Increase | Effective Date | Test Year Return | Requested Return | Allowed Return |
|------------|---------------------------------|----------|--|------------------|------------------|------------------|------------|----------------|------------------|------------------|----------------|
| | | Filed | | | | | | | | | |
| 90-192 | EAST VASSALBORO WATER SYSTEM | 7/18/90 | | \$35,300 | \$24,947 | \$9,881 | 65.60% | 2/1/91 | -0.15% | 20.40% | 12.000% |
| 90-278 | CAMDEN & ROCKLAND WATER COMPANY | 10/19/90 | | \$2,829,313 | \$2,510,506 | \$239,462 | 10.50% | 3/4/91 | 9.10% | 12.46% | 11.410% |
| 89-015 | YORK WATER DISTRICT | 1/31/91 | | \$2,055,335 | \$2,020,898 | \$401,604 | 24.80% | 4/17/91 | N/A | N/A | N/A |
| 91-103 | FARMINGTON VILLAGE CORPORATION | 4/17/91 | | \$458,900 | \$458,900 | \$34,641 | 8.20% | 5/17/91 | INCREASE | IN PUB. FIRE | PROT. ONLY |
| 90-329 | BUCKSPORT WATER COMPANY | 12/11/90 | | \$197,300 | \$189,039 | \$37,861 | 25.00% | 6/6/91 | 3.32% | 11.00% | 10.500% |
| 90-283 | WALDOBORO WATER COMPANY | 11/1/90 | | \$190,459 | \$179,529 | \$45,225 | 33.70% | 6/11/91 | 0.71% | 11.56% | 10.750% |
| 90-318 | NORTHEAST HARBOR WATER COMPANY | 11/30/90 | | \$137,223 | \$138,213 | \$38,297 | 38.30% | 6/28/91 | -2.98% | 11.87% | 10.750% |
| 91-175 | GREENVILLE WATER CODMPANY | 7/8/91 | | \$219,028 | \$183,581 | \$21,391 | 13.19% | 12/5/91 | 5.06% | 11.63% | 9.715% |
| 91-176 | SKOWHEGAN WATER COMPANY | 7/8/91 | | \$796,449 | \$696,819 | \$71,075 | 11.36% | 12/5/91 | 6.52% | 11.63% | 9.715% |
| 91-177 | MILLINOCKET WATER COMPANY | 7/8/91 | | \$819,282 | \$689,693 | \$61,272 | 9.75% | 12/5/91 | 6.29% | 11.63% | 9.715% |

EXHIBIT K

Days of Hearings Held in 1991

| | |
|------------------------------------------------------------------------|-----------|
| Bangor Hydro-Electric Company Rate Case (91-010) | 17 |
| Central Maine Power Company Interruptible Service and Rate (90-205) | 10 |
| Maine Public Service Rate Case (90-281) | <u>9</u> |
| | 36 |
| Other than major cases | <u>55</u> |
| TOTAL | 91 |

3. Consumer
Assistance
Division

The Consumer Assistance Division (CAD) received 4,957 contacts from utility customers in 1991, a 9% increase compared to last year: 1,614 complaints (+26%), 3,240 requests for information (+18%), 103 referrals to other agencies or organizations (-52%). The CAD also received 40 variance requests from utilities (+167%). Including the requests for permission to disconnect under the Winter Rule received in 1990-91 (1,553), the CAD handled 6,510 cases and contacts in 1991.

There are several reasons for the continuing increase in CAD's caseload:

- (1) Electric rates continue to increasing after a period of relative stability prior to 1989;
- (2) the economy has continued to decline in 1991; and
- (3) the largest Maine utilities -- Central Maine Power Company and New England Telephone Company -- continue to experiment with significant changes in their credit and collection programs. In particular, CMP's complaints soared in late 1990 and early 1991 due to a dramatic change in the Company's approach to disconnection. NET, on the other hand took steps to attempt to deal more effectively with complaints before the customer contacts the CAD.

Exhibit N shows total contacts, including requests to disconnect, since 1980.

CONSUMER ASSISTANCE DIVISION
COMPLAINTS/CONTACTS 1980-1991

| <u>Year</u> | <u>Number of Contacts</u> (Including Requests to Disconnect) |
|-------------|-----------------------------------------------------------------|
| 1980 | 3,359 |
| 1981 | 4,673 |
| 1982 | 4,811 |
| 1983 | 4,428 |
| 1984 | 5,741 |
| 1985 | 4,351 |
| 1986 | 5,127 |
| 1987 | 4,013 |
| 1988 | 4,551 |
| 1989 | 4,257 |
| 1990 | 6,047 |
| 1991 | 6,510 |

Adjustments

A total of \$80,257 was adjusted or reimbursed to utility customers as a result of CAD investigation or mediation of 145 cases. There were several cases which involved large adjustments. One such case involved Long Distance Telephone Company (LDT) and New England Telephone Company (NET). In that case the CAD decided that LDT was incorrectly charged for measured watts service, touch tone and late charges. NET was ordered to abate \$18,420.00 in charges.

Exhibit O shows the breakdown of adjustments by type of utility.

Appeals

The Commission received 45 appeals of CAD staff decisions in 1991. Of the 45 appeals, 43 were from customers and 2 were from utilities. The Commission declined to begin an investigation in 24 cases, thus upholding the CAD decisions. The CAD decision was changed or reversed in 1 case. At the end of 1991, 22 appeals were pending.

CUSTOMER CHARGES ADJUSTED/WAIVED 1981-1991

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 1981 | \$ 61,703.71 |
| 1982 | \$ 60,606.24 |
| 1983 | \$ 94,934.70 |
| 1984 | \$ 123,041.48 |
| 1985 | \$ 52,594.40 |
| 1986 | \$ 18,186.43 |
| 1987 | \$ 104,815.29 |
| 1988 | \$ 288,479.63 |
| 1989 | \$ 142,431.80 |
| 1990 | \$ 52,504.55 |
| 1991 | \$ 80,257.00 |

CUSTOMER CHARGES ADJUSTED/WAIVED 1991

| | | |
|-------------------|-----------------------|------------------|
| <u>TELEPHONE:</u> | (69 Customers) | \$ 26,062.00 |
| <u>ELECTRIC:</u> | (48 Customers) | \$ 47,211.00 |
| <u>WATER:</u> | (12 Customers) | \$ 5,288.00 |
| <u>GAS:</u> | (4 Customer) | \$ 834.00 |
| <u>OTHER:</u> | <u>(12 Customers)</u> | <u>\$ 862.00</u> |
| TOTAL: | (145 Customers) | \$ 80,257.00 |

Violations

The CAD issued 125 violation citations finding one or more violations of the Commission's Rules in 1991. This was an increase of 115 violation citations compared to 1990. Sixty of these violations were for one or more requirements of the Winter Disconnection Rule.

In part, this increase is due to CAD's increased efforts to review disputes for violations of the Commission's Rules. There was a backlog in case review caused by the significant increase in customer complaints filed in the fall of 1990 and early in 1991 CAD completed its review of a number of 1990 cases and cited violations in 14 of those cases. The CAD is currently reviewing almost 70 cases from 1991.

Exhibit P shows the number and type of violations by utility.

Variances

The CAD received 40 requests from utilities to grant an exemption from Chapter 810 for a particular customer in 1991: 12 were granted, 9 were denied and 19 were withdrawn. In most cases, the request for exemption was to seek a deposit from a new customer who applied for service at the same location where a spouse or other relative was disconnected for non-payment.

Violations

| <u>Electric Utilities (73)</u> | <u>Types of Violations</u> | <u>Total # of Violation Letters</u> |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Bangor Hydro-Electric | 2 Regular Notice/Disconnection | 2 |
| Central Maine Power | 1 Variance Request from Utility 1 Regular Notice/Disconnection 2 Broken Payment Arrangement/ Disconnection 1 High Usage 55 Winter Disconnection Rule | 60 |
| Maine Public Service | 1 Broken Payment Arrangement/ Disconnection 2 Winter Disconnection Rule | 3 |
| Van Buren Light & Power | 3 Broken Payment Arrangement Disconnection 1 Regular Notice/Disconnection 1 Broken Payment Arrangement Notice | 5 |
| Madison Electric Works | 1 Winter Disconnection Rule | 1 |
| Fox Island Electric Coop. | 2 Winter Disconnection Rule | 2 |
| <u>Telephone Utilities (40)</u> | | |
| Community Service | 1 Broken Payment Arrangement Notice | 1 |
| New England Telephone | 2 Regular Notice/Disconnection 18 Broken Payment Arrangement/Notice 1 Broken Payment Arrangement Notice CAD Previously Negotiated 2 Broken Payment Arrangement/Disconnection 1 Disputed Payment Arrangement Negotiation (No Disconnection Notice) 1 Customer Service 2 1-900 Numbers | 27 |
| GTE | 6 Disputed Bills/Payments 1 Regular Notice/Disconnection 1 Variance Request from Utility 1 Quality of Utility Service 1 Service Repairs | 10 |
| Pine Tree | 1 Disputed Bills/Payments | 1 |
| Warren | 1 Variance Request from Utility | 1 |
| <u>Water Utilities (8)</u> | | |
| Auburn Water District | 1 Regular Notice/Disconnection | 1 |
| Kennebec Water District | 1 Disputed Bills/Payments 1 Application for Service | 2 |
| Howland Water District | 1 Regular Notice | 1 |

Violations

| | | |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------|---|
| Portland Water District | 1 Disputed Bills/Payments 1 Regular Notice 1 Broken Payment Arrangement/ Disconnection | 3 |
| Vinathaven Water District | 1 Regular Notice/Disconnection | 1 |
| <u>Gas Utility (4)</u> | | |
| Northern Utilities | 2 Broken Payment Arrangement/Notice 1 Broken Payment Arrangement/ Disconnection 1 Rate Design/Rate Schedules | 4 |

Winter Disconnection
Rule

The CAD received 1,553 requests to disconnect residential customers from electric and gas utilities during the period November 15, 1990 through April 15, 1991. Of these requests, 532 (34%) were granted and 1021 (66%) were denied. This is a 3% increase compared to 1989-90.

Although most utilities which usually submit requests to disconnect showed a decrease in the number submitted, Central Maine Power Company increased its winter disconnect requests by 423 compared to 89/90. Bangor Hydro-Electric Company (BHE) submitted no winter disconnection requests to CAD during the 1990/91 winter period due to the Commission granting BHE waivers of portions of the Winter Rule, which allowed BHE to cycle a customers service on and off up to 5 days in an effort to get the customer to contact BHE to negotiate a special payment arrangement on the past due amount. In order to permanently disconnect a customer during the winter period BHE was still required to submit a winter disconnection request to CAD and more were requested last winter.

Most requests to disconnect are filed because the utility seeks to contact the customer and negotiate a payment arrangement. In most cases, the filing of the request triggers contact with the customer and negotiation of a payment arrangement. Requests are granted by the CAD when contact is not obtained with the customer or, in a very few cases, the customer refuses to negotiate a payment arrangement.

Exhibit Q lists the disposition of the requests to disconnect by utility.

CONSUMER ASSISTANCE DIVISION
UTILITY WINTER REQUESTS TO DISCONNECT

1990-1991

| | <u>*Disconnect/ Ratio</u> | <u>Requests Granted</u> | <u>Requests Denied</u> | <u>Violations</u> |
|--------------------------------|-------------------------------|-----------------------------|----------------------------|-------------------|
| Central Maine Power | 1,508/3.48 | 517 | 991 | 55 |
| Eastern Maine Electric | 9/0.97 | 5 | 4 | 0 |
| Madison Electric Dept. | 7/3.58 | 0 | 7 | 1 |
| Northern Utilities | 12/1.00 | 4 | 8 | 0 |
| Houlton Water Co. (Elec. Div.) | 9/2.43 | 4 | 5 | 0 |
| Maine Public Service | 6/0.21 | 2 | 4 | 2 |
| Fox Island Electric Coop. | <u>2/1.55</u> | <u>0</u> | <u>2</u> | <u>2</u> |
| TOTALS | 1,553 | 532 | 1021 | 60 |

* Per 1000 residential customers.

INTAKE/INFORMATION CODES

DISPOSITION CODES

SERVICE

S1 New Service Delays
(No extension/poles needed)
S2 Application for Service
S3 Line/Maine Extensions
S4 Service Repairs
S5 Outages
S6 Service Classification
S7 Denied Damage Claims
S8 Customer Service
S9 Quality of Utility Service
S10 Application for Serv (Indiv.)

S1a Private Line/Business Line
S3a Delay
S3b Costs
S5a Repeated Outages
S5b Line Clearance
S8a Unfair Sales Practices
S8b Conduct of Personnel
S10a Deposits
S10b Transferred Amount
S10c Denial for Other Reasons

MISCELLANEOUS

M1 Time-of-Use Rates
M2 Electric Demand Meters
M3 COCOTS
M4 Operator Service Provider (AOS)
M5 Rate Design/Rate Schedules (Establishment fees, approved rates, PUC decisions, conservation programs)
M6 900 Numbers
M7 Slamming
M8 EAS Complaints

DISCONNECTION

D1 Regular Notice
D2 Regular Notice/Disconnection
D3 Broken Payment Arrangement Notice
D4 Broken Payment Arrangement/
Disconnection
D3a CAD Previously Negotiated P.A.
D4a CAD Previously Negotiated P.A.

BILLING [Customer]

Customer

- | | | | |
|----|----------------------------------------------------------|-----|--------------------------------|
| B1 | Disputed Bills/Payments | B1a | Transferred amounts |
| | | B1b | 3rd Party Calls |
| | | B1c | Directory/advert |
| | | B1d | Estimated bills |
| | | B1e | Previously Unbilled Service |
| B2 | High Usage | | |
| B3 | Repair Charges | | |
| B4 | Disputed P.A. Negotiation (No disconnection notice) | | |
| B5 | Disputed P.A. Renegotiation (No disconnection notice) | B5a | CAD Previously Negotiated P.A. |
| B6 | Deposits | | |

Information Codes

- I2 EAS
I3 Telephone Lifeline

Other

- V Variance Request from Utility
W Customer Calling Utility
U Unregulated

Updated 3/5/91

Complaints

The CAD closed 1,629 complaints in 1991, a 15% increase from 1990. This does not include the 291 complaints received in 1991, but still pending at year-end. A dramatic increase in complaints from CMP customers was the source for most of this increase. Over 90% of all complaints were from residential customers.

Exhibit S shows the total of all complaints closed by type of utility and type of complaint. Exhibit R explains CAD complaint codes. Exhibits T through W describe closed complaints for each utility in more detail.

Utilities are listed in order of the highest complaint ratio to the lowest. The complaint ratio was calculated by dividing the number of complaints by the number of customers (residential and commercial) and multiplying by 1000.

A "complaint" does not mean that a utility has done anything wrong. It does mean a utility was unable to resolve a dispute with a customer. In addition, the number of complaints is not the only determinative of an adequate credit and collection program. If one complaint results in a discovery of a system-wide violation, for example, the complaint ratio itself is not as important. Therefore, complaint ratios as well as the violation data are reviewed carefully to determine staff priorities.

A high complaint ratio could mean either that a utility does not resolve disputes fairly (*i.e.*, correctly) or that the employees dealing with customers are not properly trained in dispute resolution procedures. In either case, a snapshot is not as helpful in determining whether a significant problem exists as a trend over time.

This increase in complaints is a continuation of the upward trend seen last year, which reversed a previous downward trend.

COMPLAINTS CLOSED BY THE
CONSUMER ASSISTANCE DIVISION
1991

| TYPE OF UTILITY | ELECTRIC | TELEPHONE | WATER | GAS | WATER CARRIERS | OTHER | 1990 TOTAL | 1991 TOTAL |
|----------------------|----------|-----------|--------|--------|----------------|--------|------------|------------|
| SERVICE | | | | | | | | |
| S1 | 9 | 10 | 1 | 1 | 0 | 0 | 43 | 21 |
| S1a | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| S2 | 0 | 4 | 1 | 0 | 0 | 0 | 15 | 5 |
| S3 | 57 | 7 | 8 | 0 | 0 | 0 | 57 | 72 |
| S3a | 1 | 0 | 0 | 0 | 0 | 0 | 15 | 1 |
| S3b | 1 | 0 | 1 | 0 | 0 | 0 | 3 | 2 |
| S4 | 17 | 25 | 6 | 0 | 0 | 0 | 69 | 48 |
| S5 | 13 | 1 | 0 | 0 | 0 | 0 | 10 | 14 |
| S5a | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 |
| S5b | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| S6 | 1 | 7 | 0 | 0 | 0 | 0 | 3 | 8 |
| S7 | 22 | 1 | 0 | 0 | 0 | 0 | 11 | 23 |
| S8 | 7 | 11 | 3 | 0 | 0 | 0 | 22 | 21 |
| S8a | 0 | 1 | 0 | 0 | 0 | 0 | 4 | 1 |
| S8b | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| S9 | 3 | 4 | 3 | 0 | 0 | 0 | 30 | 10 |
| S10 | 3 | 7 | 0 | 0 | 0 | 0 | 5 | 10 |
| S10a | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| S10b | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| S10c | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| TOTAL# | 134 | 78 | 23 | 1 | 0 | 0 | 296 | 236 |
| TOTAL% | 14.77% | 13.40% | 29.11% | 3.03% | 0.00% | 0.00% | 20.89% | 14.49% |
| MISCELLANEOUS | | | | | | | | |
| M1 | 3 | 0 | 0 | 0 | 0 | 0 | 6 | 3 |
| M2 | 4 | 0 | 0 | 0 | 0 | 0 | 1 | 4 |
| M3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| M4 | 0 | 1 | 0 | 0 | 0 | 2 | 0 | 3 |
| M5 | 26 | 23 | 11 | 4 | 0 | 0 | 59 | 64 |
| M6 | 0 | 40 | 0 | 0 | 0 | 9 | 0 | 49 |
| M7 | 0 | 6 | 0 | 0 | 0 | 13 | 0 | 19 |
| M8 | 0 | 13 | 0 | 0 | 0 | 0 | 0 | 13 |
| TOTAL# | 33 | 83 | 11 | 4 | 0 | 24 | 66 | 155 |
| TOTAL% | 3.64% | 14.26% | 13.92% | 12.12% | 0.00% | 85.71% | 4.66% | 9.52% |
| DISCONNECTION | | | | | | | | |
| D1 | 39 | 25 | 4 | 0 | 0 | 0 | 89 | 68 |
| D2 | 44 | 14 | 6 | 2 | 0 | 0 | 62 | 66 |
| D3 | 354 | 250 | 2 | 8 | 0 | 0 | 582 | 614 |
| D3a | 2 | 4 | 0 | 0 | 0 | 0 | 9 | 6 |
| D4 | 74 | 25 | 4 | 4 | 0 | 0 | 78 | 107 |
| D4a | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 2 |
| TOTAL# | 514 | 319 | 16 | 14 | 0 | 0 | 821 | 863 |
| TOTAL% | 56.67% | 54.81% | 20.25% | 42.42% | 0.00% | 0.00% | 57.94% | 52.98% |
| BILLING | | | | | | | | |
| B1 | 102 | 65 | 21 | 10 | 0 | 4 | 100 | 202 |
| B1a | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 |
| B1b | 0 | 1 | 0 | 0 | 0 | 0 | 4 | 1 |
| B1c | 0 | 18 | 0 | 0 | 0 | 0 | 7 | 18 |
| B1d | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 |
| B1e | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 1 |
| B2 | 34 | 0 | 3 | 1 | 0 | 0 | 41 | 38 |
| B3 | 0 | 0 | 1 | 0 | 0 | 0 | 2 | 1 |
| B4 | 52 | 8 | 0 | 2 | 0 | 0 | 44 | 62 |
| B5 | 15 | 3 | 1 | 0 | 0 | 0 | 15 | 19 |
| B5a | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| B6 | 22 | 7 | 1 | 1 | 0 | 0 | 10 | 31 |
| TOTAL# | 226 | 102 | 29 | 14 | 0 | 4 | 234 | 375 |
| TOTAL% | 24.92% | 17.53% | 36.71% | 42.42% | 0.00% | 14.29% | 16.51% | 23.02% |
| 1991 COMPLAINT TOTAL | 907 | 582 | 79 | 33 | 0 | 28 | 1417 | 1629 |

*The percentage shown is a comparison of the category compared to the number of complaints.

Electric Utility Complaints

The CAD closed 907 electric utility complaints in 1991, 57% relating to disconnections, 15% involved service quality or requests for new service and 25% concerned billing disputes. There was an increase of 313 cases or 53% in the number of closed electric utility cases compared to 1990. The electric utilities showed an increase in complaints in all major areas: service, (22%); disconnection (54%); and billing (87%). Of the 13 regulated electric utilities, 4 had decreases in complaints, 7 had increases.

All three major electric utilities, Central Maine Power Company (CMP), Bangor Hydro-Electric (BHE), and Maine Public Service (MPS) showed complaint increases in 1991 compared to 1990. CMP's complaints went up by 264 or 60% over last year. This was primarily due to changes in CMP's collection policies and practices in the fall of 1990. The Company refused to renegotiate payment arrangements and disconnections soared. Many of these 1990 cases were not closed until 1991. Even so, CMP's complaint ratio for 1991 cases is up as well. The CAD received 514 complaints against CMP from January through December of 1990 compared to 803 complaints received from January through December of 1991. This is a 56% increase.

BHE had an increase of 43 complaints or 43%. BHE's complaints increased in all areas, but particularly in service disputes involving outages, repairs and line extensions. MPS's complaints increased by 6 or 29%. The majority of that increase was in billing disputes.

Van Buren Light & Power District had the highest number of complaints per 1000 customers for the fourth year in a row. However, the number of complaints did continue to decline, dropping by 17%. Union River Electric Company became the Company with the second

highest complaint ratio after not having any complaints in 1990. Madison Electric Works continues to show a decline in complaints as it dropped from the number 2 position to number 3.

1991 ELECTRIC UTILITY COMPLAINTS

| COMPANY | SERVICE # / % | MISC. # / % | DISCONNECT # / % | BILLING # / % | # OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS | |
|------------------------------------------|------------------|----------------|---------------------|------------------|---------------------------------------------------|-------------|
| | | | | | 1990 TOTAL | 1991 TOTAL |
| VAN BUREN LIGHT & POWER DISTRICT | 0 0.00% | 0 0.00% | 5 100.00% | 0 0.00% | 6 3.87 | 5 3.22 |
| UNION RIVER ELECTRIC COOPERATIVE, INC. | 0 0.00% | 3 75.00% | 0 0.00% | 1 25.00% | 0 0.00 | 4 2.40 |
| MADISON ELECTRIC WORKS DEPARTMENT | 2 50.00% | 0 0.00% | 2 50.00% | 0 0.00% | 7 3.19 | 4 1.79 |
| BANGOR HYDRO-ELECTRIC CO. | 53 37.06% | 7 4.90% | 47 32.87% | 36 25.17% | 100 1.06 | 143 1.49 |
| CENTRAL MAINE POWER CO. | 73 10.33% | 22 3.11% | 436 61.67% | 176 24.89% | 443 0.93 | 707 1.46 |
| FOX ISLANDS ELECTRIC COOPERATIVE, INC. | 0 0.00% | 0 0.00% | 0 0.00% | 2 100.00% | 1 0.69 | 2 1.36 |
| HOULTON WATER CO. ELECTRIC DEPT. | 1 25.00% | 0 0.00% | 2 50.00% | 1 25.00% | 3 0.62 | 4 0.82 |
| MAINE PUBLIC SERVICE CO. | 3 11.11% | 1 3.70% | 14 51.85% | 9 33.33% | 21 0.62 | 27 0.79 |
| EASTERN MAINE ELECTRIC COOPERATIVE, INC. | 2 25.00% | 0 0.00% | 5 62.50% | 1 12.50% | 6 0.58 | 8 0.76 |
| KENNEBUNK LIGHT & POWER DISTRICT | 0 0.00% | 0 0.00% | 3 100.00% | 0 0.00% | 4 0.96 | 3 0.70 |
| *LUBEC WATER & ELECTRIC DISTRICT | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 3 2.21 | 0 0.00 |
| 1991 TOTAL ALL COMPANIES | 134 14.77% | 33 3.64% | 514 56.67% | 226 24.92% | 594 | 907 |

NOTE: COMPLAINTS ARRANGED IN ORDER OF HIGHEST # OF COMPLAINTS PER 1000 CUSTOMERS.

* THE ELECTRIC DIVISION OF LUBEC WATER AND ELECTRIC DISTRICT NO LONGER EXISTS. BANGOR HYDRO ELECTRIC COMPANY NOW SERVES THE AREA ONCE SERVED BY LUBEC.

Telephone Utility
Complaints

Of the 582 complaints closed concerning telephone utilities regulated by the Commission, 13% concerned service quality or requests for new service, 18% related to billing disputes and 55% concerned disconnections. There was a significant decrease in the number of complaints filed against telephone utilities in 1991, and most notably New England Telephone Company (NET). Significant decreases occurred with service and disconnection complaints. The 31% decrease in disconnection complaints is a reversal from 1990's 186% increase in this area. Two areas showed increases: billing, (23 cases or 29%) and miscellaneous, (51 cases or 159%). The increase in the miscellaneous complaints was due to an increase in the number of extended area service complaints and 1-900 number cases. NET's complaints decreased from 607 in 1990 to 477 in 1991, a decrease of 130 cases or 21%. The number of complaints received against smaller independent telephone companies increased from 94 in 1990 to 105 in 1991, a 12% increase.

NET's disconnection complaints decreased dramatically. This was probably due to increased efforts to handle disputes at the Company before referring a customer to the CAD and better NET programs to address customers who repeatedly break payment arrangements.

Several telephone companies in addition to NET improved their complaint ratio performance compared to 1990: Oxford, China, Union River, Pine Tree, Saco River, and West Penobscot Telephone Companies. Union River, in particular, moved from the highest complaint ratio to number 7.

Six telephone companies, Community Services, Hartland & St. Albans, Standish, GTE, Somerset and Unity had a higher complaint ratio this year, but the actual complaint increases were very

small except at GTE which had an increase of 15 cases or 44%. Community Service Telephone Company continues to have a high complaint ratio, moving from number 4 to number 1 this year.

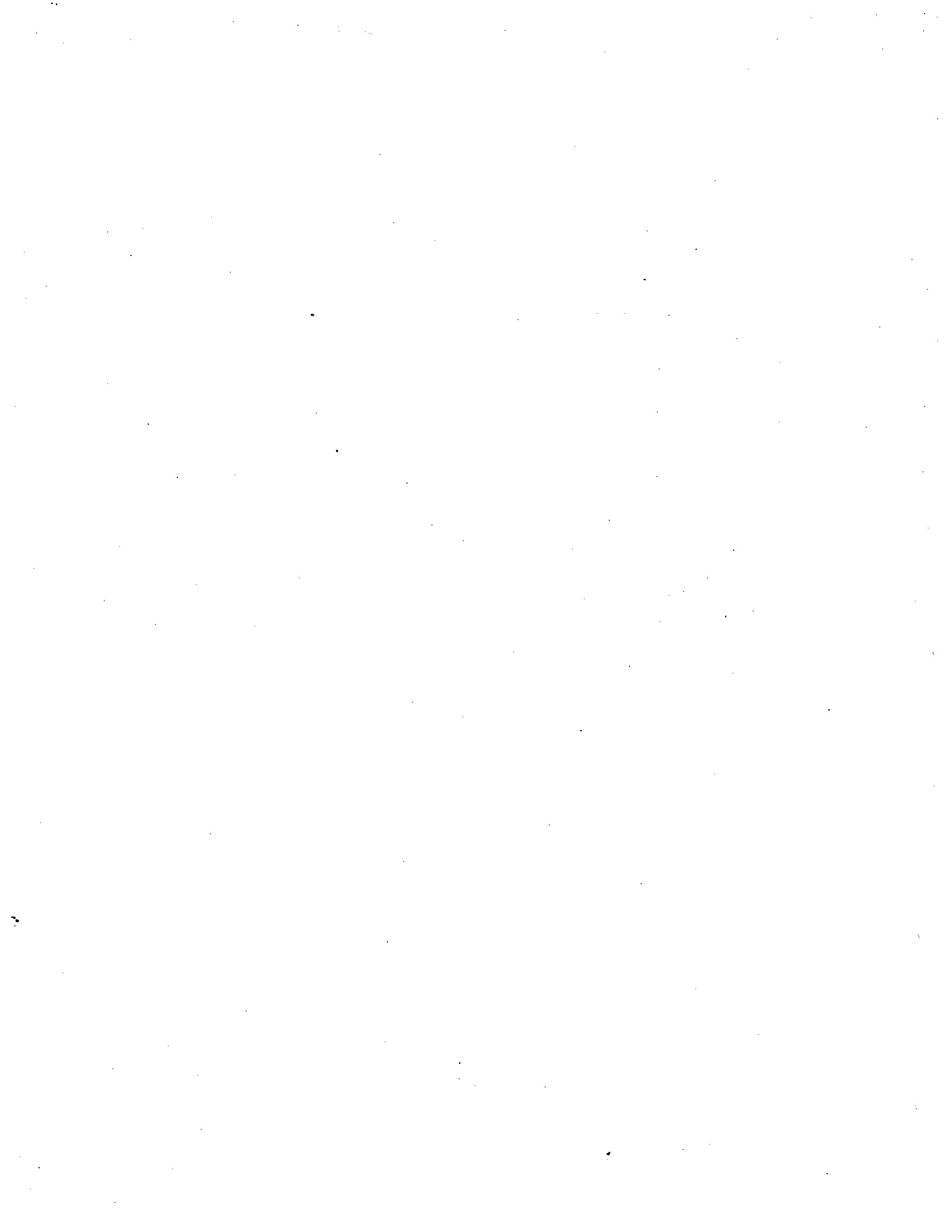
1991 TELEPHONE UTILITY COMPLAINTS

| COMPANY | | | | | # OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS | |
|----------------------------------------|-------------------|----------------|---------------------|------------------|---------------------------------------------------|-------------|
| | SERVICES # / % | MISC. # / % | DISCONNECT # / % | BILLING # / % | 1990 TOTAL | 1991 TOTAL |
| COMMUNITY SERVICE TEL. CO. | 1 6.25% | 7 43.75% | 5 31.25% | 3 18.75% | 12 1.41 | 16 1.81 |
| WARREN TELEPHONE CO. | 0 0.00% | 0 0.00% | 1 50.00% | 1 50.00% | 2 1.65 | 2 1.51 |
| HARTLAND & ST. ALBANS TELEPHONE CO. | 0 0.00% | 0 0.00% | 2 50.00% | 2 50.00% | 0 0.00 | 4 1.42 |
| STANDISH TELEPHONE CO. | 1 14.29% | 1 14.29% | 3 42.86% | 2 28.57% | 5 0.92 | 7 1.21 |
| UNITY TELEPHONE CO. | 0 0.00% | 1 25.00% | 1 25.00% | 2 50.00% | 2 0.63 | 4 1.19 |
| GTE | 14 28.57% | 4 8.16% | 18 36.73% | 13 26.53% | 34 0.86 | 49 1.14 |
| *UNION RIVER TELEPHONE CO. | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 3 3.30 | 1 1.03 |
| NEW ENGLAND TEL. & TEL. CO. | 61 12.79% | 66 13.84% | 281 58.91% | 69 14.47% | 607 1.26 | 477 0.95 |
| SOMERSET TELEPHONE CO. | 0 0.00% | 1 11.11% | 4 44.44% | 4 44.44% | 7 0.76 | 9 0.95 |
| PINE TREE TEL. & TEL. CO. | 0 0.00% | 1 25.00% | 1 25.00% | 2 50.00% | 5 1.09 | 4 0.83 |
| WEST PENOBSCOT TEL. & TEL. CO. | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 2 1.17 | 1 0.56 |
| OXFORD COUNTY TEL. & TEL. CO. | 0 0.00% | 1 50.00% | 1 50.00% | 0 0.00% | 5 1.21 | 2 0.46 |
| CHINA TELEPHONE CO. | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 2 0.80 | 1 0.37 |
| SACO RIVER TEL. & TEL. CO. | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 4 0.66 | 1 0.16 |
| PORTLAND MARINE RADIO | 1 50.00% | 0 0.00% | 0 0.00% | 1 50.00% | 0 --- | 2 --- |
| LINCOLNVILLE TELEPHONE CO. | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 0.79 | 0 0.00 |
| HAMPDEN TELEPHONE CO. | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 6 2.74 | 0 0.00 |
| MAINE CELLULAR | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 0 --- | 1 --- |
| CELLULAR ONE | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 1 --- | 1 --- |
| COBBOSEECONTEE TEL. & TEL. CO. | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 1.41 | 0 0.00 |
| U.S. CELLULAR | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 --- | 0 --- |
| COM-NAV, INC. | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 --- | 0 --- |
| *BRYANT POND TELEPHONE COMPANY | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00 | 0 0.00 |
| 1991 TOTAL ALL COMPANIES | 78 13.40% | 83 14.26% | 319 54.81% | 102 17.53% | 701 | 582 |

NOTE: COMPANIES ARRANGED IN ORDER OF HIGHEST # OF COMPLAINTS PER 1000 CUSTOMERS.

Gas Utility

Northern Utilities, Inc. had a total of 33 complaints for a complaint ratio of 2.02. This was a significant increase compared to a complaint ratio of 1.55 in 1990. There was an increase of 8 complaints or 32%. There was a significant increase in the number of complaints in the area of billing. The areas of disconnection and miscellaneous also showed increases.



1991 GAS UTILITY COMPLAINTS

| COMPANY | SERVICE # / % | MISC. # / % | DISCONNECT # / % | BILLING # / % | # OF COMPLAINTS COMPLAINTS PER 1000 CUSTOMERS | |
|--------------------------|------------------|----------------|---------------------|------------------|--------------------------------------------------|------------|
| | | | | | 1990 TOTAL | 1991 TOTAL |
| NORTHERN UTILITIES, INC. | 1 3.03% | 4 12.12% | 14 42.42% | 14 42.42% | 25 1.55 | 33 2.02 |



Water Utility Complaints

The Commission regulates 152 water utilities. 79 complaints were registered against 40 water utilities. When compared to 1990, complaints against water utilities showed a 12% decline. Complaints against water utilities have declined for the third year in a row. The distribution of complaints by issue was different from 1990: 29% concerned service quality or requests for service compared to 54% in 1990, 29% concerned billing disputes compared to 22% in 1990, and 20% related to disconnection compared to 17% in 1990. The economy would appear to be the driving force in regard to the redistribution of complaints, as more customers had trouble paying their bills and less water main construction was taking place. There was a significant reduction in service complaints, 53%, and a significant increase in billing complaints, 32%.

The small number of complaints and small customer base makes the complaint ratio for most water utilities less significant. CAD does not consider the report of one complaint per year against a small water utility as significant. However, consistently high complaint ratios do result in staff investigations in order to determine the causes for the high number of complaints.

Among the larger water districts, Portland Water District's complaint ratio increased from .50 in 1990 to .56 in 1991. This is primarily due to an increase in billing disputes resulting from the Company's switch from quarterly to monthly billing; there was a slight decrease in disconnection complaints and a significant decrease in the number of service complaints. Bangor Water District went from .11 to .19. Augusta Water District had one complaint in 1991. Houlton stayed the same as last year with .46, and Auburn increased from .17 to .34.

1991 WATER UTILITY COMPLAINTS

| COMPANY | SERVICE | | MISC. | | DISCONNECT | | BILLING | | # OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS | |
|--------------------------------------|--------------|--------------|--------------|------------|-------------|--------------|------------|------------|---------------------------------------------------|------------|
| | # / % | # / % | # / % | # / % | # / % | # / % | # / % | # / % | 1990 TOTAL | 1991 TOTAL |
| *Quantabocook Water Company | 2 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 2 13.61 |
| *Canton Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 | 1 8.40 |
| *Rangeley Water Company | 0 0.00% | 1 50.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 50.00% | 0 0.00% | 3 7.87 | 2 | 5.21 |
| *Limerick Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 4.48 | 1 | 4.48 |
| *Hartland Water Company | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 1 3.89 | 1 | 3.89 |
| Gray Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 3.29 |
| Bucksport Water Company | 0 0.00% | 2 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 2 3.26 |
| Van Buren Water District | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 3.22 |
| Baileyville Utilities District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 2 100.00% | 0 0.00% | 0 0.00% | 0 | 2 3.10 |
| South Berwick Water District | 1 33.33% | 0 0.00% | 1 33.33% | 0 0.00% | 1 33.33% | 1 33.33% | 0 0.00% | 1 0.93 | 1 | 3 2.77 |
| Wiscasset Water District | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 2.58 |
| Vinalhaven Water District | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 2.46 |
| *Clinton Water District | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 4 8.81 | 4 | 1 2.15 |
| Howland Water Department | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 2.05 |
| Mechanic Falls Water Department | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.76 |
| *Dixfield Water Department | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.76 |
| *Fryeburg Water Company | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 1 1.66 | 1 | 1.66 |
| *Guilford-Sangerville Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.59 |
| *Milo Water District | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.32 |
| Millinocket Water Company | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.32 |
| Maine Water Company | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.31 |
| Yarmouth Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.24 |
| Mexico Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 | 1 1.06 |
| Winthrop Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 0 0.00% | 0 | 1 1.05 |
| York Water District | 2 66.67% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 33.33% | 0 0.00% | 1 0.24 | 1 | 3 0.70 |
| Brunswick & Topsham Water District | 1 25.00% | 0 0.00% | 1 25.00% | 0 0.00% | 1 25.00% | 2 50.00% | 0 0.00% | 2 0.34 | 2 | 4 0.68 |

1991 WATER UTILITY COMPLAINTS

| COMPANY | SERVICE # / % | MISC. # / % | DISCONNECT # / % | BILLING # / % | # OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS | |
|-----------------------------------------------|------------------|----------------|---------------------|------------------|---------------------------------------------------|------------|
| | | | | | 1990 TOTAL | 1991 TOTAL |
| Belfast Water District | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 2 1.20 | 1 0.63 |
| Portland Water District | 4 16.67% | 4 16.67% | 5 20.83% | 11 45.83% | 21 0.50 | 24 0.56 |
| Skowhegan Water Company | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 1 0.47 | 1 0.47 |
| Houlton Water Company | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 1 0.46 | 1 0.46 |
| K'bung, K'bungport, & Wells Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 6 0.65 | 1 0.34 |
| Kennebec Water District | 1 33.33% | 1 33.33% | 0 0.00% | 1 33.33% | 6 0.75 | 3 0.34 |
| Auburn Water District | 0 0.00% | 0 0.00% | 1 50.00% | 1 50.00% | 1 0.17 | 2 0.34 |
| Gardiner Water District | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00 | 1 0.31 |
| Bangor Water District | 1 50.00% | 0 0.00% | 0 0.00% | 1 50.00% | 1 0.11 | 2 0.19 |
| Augusta Water District | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00 | 1 0.18 |
| Biddeford & Saco Water Company | 2 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 3 0.24 | 2 0.16 |
| Camden & Rockland Water Company | 0 0.00% | 0 0.00% | 1 100.00% | 0 0.00% | 2 0.31 | 1 0.16 |
| Lewiston Public Works Water Division | 0 0.00% | 0 0.00% | 0 0.00% | 1 100.00% | 2 0.28 | 1 0.14 |
| Monhegan Water Company | 1 100.00% | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00 | 1 --- |
| *Port Clyde Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 8.85 | 0 0.00 |
| *Richmond Utilities District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 3 5.69 | 0 0.00 |
| *Newport Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 3 4.80 | 0 0.00 |
| *Passamaquoddy Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 3 4.24 | 0 0.00 |
| *Northport Village Corporation | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 4.10 | 0 0.00 |
| *Rumford Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 2 3.35 | 0 0.00 |
| *Bethel Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 2.34 | 0 0.00 |
| *East Boothbay Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 1.78 | 0 0.00 |
| *Anson Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 1.75 | 0 0.00 |
| *Sridgton Water District | 0 | 0 | 0 | 0 | 1 | 0 |

1991 WATER UTILITY COMPLAINTS

| COMPANY | SERVICE # / % | MISC. # / % | DISCONNECT # / % | BILLING # / % | # OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS | |
|------------------------------------|------------------|----------------|---------------------|------------------|---------------------------------------------------|------------|
| | | | | | 1990 TOTAL | 1991 TOTAL |
| Farmington Village Corporation | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 2 1.37 | 0 0.00 |
| Old Town Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 4 1.24 | 0 0.00 |
| *Southwest Harbor Water Department | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 1.08 | 0 0.00 |
| Lisbon Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 2 1.01 | 0 0.00 |
| Kittery Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 0.66 | 0 0.00 |
| Caribou Water Works Corporation | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 0.59 | 0 0.00 |
| Orono-Vezie Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 0.55 | 0 0.00 |
| Brewer Water District | 0 0.00% | 0 0.00% | 0 0.00% | 0 0.00% | 1 0.32 | 0 0.00 |
| 1991 Total All Companies | 23 29.11% | 11 13.92% | 16 20.25% | 29 36.71% | 90 | 79 |

NOTE: COMPANIES ARE ARRANGED IN ORDER OF THE HIGHEST # OF COMPLAINTS PER 1000 CUSTOMERS. FOR COMPANIES WITH LESS THAN 1000 CUSTOMERS, THE COMPLAINTS PER 1000 CUSTOMERS FIGURE WAS CALCULATED AS IF THE UTILITY HAD 1000 CUSTOMERS. THIS FIGURE IS FOR COMPARATIVE PURPOSES ONLY.

* COMPANIES WITH LESS THAN 1000 CUSTOMERS.

** UNDER 100 CUSTOMERS (NO COMPLAINT RATIO CALCULATED)

Other Partially
Regulated Utilities

The CAD received 28 complaints concerning unregulated/partially regulated utilities. All of these complaints were related to telecommunications issues:

| | |
|--------------------------------|----|
| AT&T | 2 |
| MCI | 13 |
| Sprint | 6 |
| Telesphere Comm. Inc. (AOS) | 1 |
| Intergetel (AOS) | 1 |
| TNI (AOS) | 1 |
| Media 4 | 2 |
| Other | 2 |

There was a increase of 21 complaints in this category compared to last year. The dramatic increase was due to an increase in the number of complaints received against MCI and Sprint regarding "slamming" (unauthorized switch of long distance service provider) and 1-900 number calls as well as an increase in the number of Alternative Operator Service (AOS) complaints. Complaints against AT&T also went down slightly, dropping by 1 from last year. However, this number does not include any of the customer complaints received where payment arrangements were negotiated with NET regarding AT&T charges for long distance calls. MCI's complaints increased by 9 over last year, and the CAD received 6 complaints against Sprint in 1991 compared to 0 in 1990.

MCI had 8 complaints and Sprint had 5 complaints involving "slamming" in which the customer alleged that their long distance company was switched to MCI or Sprint without their permission.

V. YEAR IN REVIEW

Central Maine Power
Company Rate Case

On October 25, 1991, Central Maine Power Company (CMP) filed a rate case with the Commission designed to increase annual revenues by \$54.5 Million or approximately 6.9%. On January 6, 1992, CMP filed a motion to withdraw its case stating the recent sharp decline in interest rates due to the action of the Federal Reserve Board has "caused the Company to reexamine its need for a base rate change in the near term." The Company went on to state that "based on that reexamination and the continued economic difficulties of the state" it wanted to withdraw its current rate case so base rates would not change until 1993. In support of its motion, CMP submitted a stipulation signed by several, but not all, of the parties. On January 10, 1992, the Commission issued an order granting CMP's motion to withdraw, closing Docket No. 91-174, and suspending the order dated October 1, 1991 regarding the rate design study compliance schedule. Docket No. 91-216, Central Maine Power Company, Re: Request for Ruling Concerning Accounting for Costs of Cleaning up Hazardous Wastes at the O'Connor Site in Augusta, remained active pending resolution by the Commission.

Central Maine Power
Company Rate Design

During 1991, Central Maine Power Company (CMP) began implementing the decision of the Commission in the most recent rate design case, Docket No. 89-68. As was noted last year, the most significant decision by the Commission in the rate design portion of 89-68 was to adopt the use of marginal cost, rather than embedded cost, as the basis for determining customer class revenue responsibilities. The decision in this case did not increase CMP's revenues. However, the Commission concluded on the

basis of rate design studies that certain classes of customers, including some industrial and commercial classes, were paying more than their fair share of CMP's revenues and that the residential class was not paying its fair share. In fact, high use residential customers (time-of-use or A-TOU) were paying significantly less than their fair share in relation to the real cost of providing electricity at peak times of the year (winter) and at peak hours of the day. New rates reflecting these conclusions went into effect December 1, 1991.

In addition, the decision changed the threshold between the small general service class (SGS) and medium general service class (MGS) from 8 kilowatts to 20 kilowatts and increased the seasonal differential from 23% to 34%. The rates are designed so that the greater seasonal variation will leave annual revenues unchanged and the increase in bills during the four winter months should be offset by corresponding decreases during the eight non-winter months.

Interruptible Rates -
Central Maine Power
Company

During 1991, the Commission considered a long-term rate for interruptible power for CMP customers. For a number of years, CMP has offered short-term rates (based on short-term cost considerations and effective for one year) to large industrial customers. All of the prior rates have been negotiated among the customers, CMP, the Commission Staff and the Public Advocate. During recent years, industrial customers have expressed interest in a long-term rate, i.e., a rate available for several years and based on longer-term cost and rate design considerations. Accordingly, in Docket No. 90-205 the Commission investigated long-term rate issues.

In June 1991, the Staff, Public

Advocate, Industrial Energy Consumer Group (IECG) and Airco, but not CMP, filed a stipulation that included a long-term rate for existing interruptible load, i.e., load that had been subject to recent short-term rates. The stipulation also contained provisions for a long-term rate for "new" interruptible load and a short-term "market based" rate using a bidding system.

The Commission rejected the stipulation because it believed the price that CMP (and other CMP customers) would have to pay for the interruptible load was too great in light of the current and projected over-capacity situations. The Commission did state it would entertain a more modest proposal. A revised stipulation, signed by the IECG (but not AIRCO) and the Public Advocate, was presented in October. The Commission rejected this stipulation for essentially the same reasons as its rejection of the first stipulation. In its Order, the Commission proposed a rate with a substantially lower fixed portion for the first five hours only of annual interruption, and rates for additional interruption which were the same as proposed in the second stipulation, applied however to the sixth through thirtieth hours of additional interruption. As of January 17, the parties had not responded to this proposal.

Bangor Hydro-Electric
Company Management
Efficiency Investigation

On October 24, 1990, the Commission opened an investigation for the purpose of reviewing Bangor Hydro-Electric Company's (BHE's) performance, policies, and management practices in the areas of demand side management and integrated least cost planning. This investigation was an extension of the Bangor Hydro rate case, Docket No. 91-001.

The Commission deliberated this case on

May 15, 1991 and imposed a cost of equity adjustment of 50 basis points on BHE. In its order, the Commission found that the company had performed inefficiently and used unsound management practices in that they had not complied with Commission rules and orders in the area of least cost planning. The Commission also found that the reasonable range of cost of equity was at least 50 basis points and that the company's revenue requirement should accordingly be adjusted to reflect a cost of equity in the low end of the range of reasonableness. The rate decrease resulting from this order was effective on June 1, 1991.

Bangor Hydro-Electric
Company Rate Case

On January 16, 1991, Bangor Hydro-Electric Company (BHE) notified the Commission of its intent to file a rate increase. On March 20, 1991, BHE filed proposed rates designed to produce an increase of approximately \$19 million in base rates or approximately 13%. On December 18, 1991, the Commission issued an order allowing an increase in BHE's rates in the amount of \$11,775,000, or approximately 7.3%. The penalty imposed on BHE in the Commission's management efficiency investigation was discontinued based on BHE's performance since the decision in that case.

The Town of Millinocket intervened in this rate case to address BHE's alleged failure to provide adequate service to the town. The town complained of poor response by the Company to outages and to emergencies. The town and several residents filed a 10 Person Complaint pursuant to 35-A M.R.S.A. § 1302 to address these same concerns. The Commission decided to address these concerns in the complaint, Docket No. 91-171, rather than in the rate case proceeding. However, the Commission did find that the cause of the Town's 10 Person Complaint had not been removed

and that the complaint was not without merit. The complaint will therefore proceed in accordance with § 1302.

LCP Special Rate Contract

On June 14, 1991, Bangor Hydro-Electric Company filed a proposed special rate contract between BHE and LCP Chemicals, Inc. LCP operates a chlor-alkali plant in Orrington. LCP's corporate parent, Hanlin Group, sought protection of the bankruptcy court in New Jersey during 1991. The proposed contract called for a lower rate than would normally be the case and for LCP to continue to be an interruptible customer.

The Commission substantially approved the contract because other ratepayers would receive special benefits from the contract. If LCP left the electric system, it was estimated other customer's bills would go up 3%. The Commission approved the special rate early in 1992.

Maine Public Service Company Rate Case

On January 2, 1991, Maine Public Service Company (MPS) filed with the Commission a petition to increase its gross revenues by \$3,634,388 or 8.1%.

On October 17, 1991, the Commission issued a final order in this case granting the company a revenue increase of \$1,857,461 or approximately 4%. The Commission approved a rate of return of 10.948%.

Incentive Ratemaking (Electric)

In an effort to align utility profit incentives with the least-cost planning principle of Maine energy policy, the Commission in 1989 promulgated Chapter 382 of its rules, which solicited proposals for ratemaking reform. Central Maine Power Company was the first to respond, and after several rounds of comments, revised proposals, policy research, and negotiation with other

parties, a joint proposal emerged. On May 8, 1991, in Docket No. 90-085, the Commission ordered a three-year trial of a two-part reform, designed both to break the link between sales and profit at CMP, and to create a link between successful, cost-cutting conservation and utility profit.

To break the link between utility sales and profits, the Commission accepted the proposal for an Electric Revenue Adjustment Mechanism (ERAM) calculated on a per customer basis, termed "ERAM-per-customer." During this three-year trial, CMP electric rates will continue to be set in conventional rate cases, but will be adjusted up or down by no more than 1% each year thereafter to maintain a constant level of base (non-fuel) revenue per customer.

The PUC also adopted a means to link CMP's profits to its performance in achieving real cost reductions. The shared savings incentive plan allows utility shareholders to retain between one-quarter and one-half of the measured cost savings achieved by successful new conservation and load management efforts, relative to the cost of the power supply avoided. To address concerns that such savings may be less tangible and harder to measure than the kilowatt-hours that would otherwise be produced and sold, the new plan requires rigorous analysis of a sample of customer bills before and after the installation of new efficiency measures, and a comparison of these changes with a control group of customers who did not participate in the conservation program. One-half of the incentive payment will be made in the year following the efficiency improvements, and will be subject to a reconciliation adjustment in the year after the first measurement and verification. To assure that the efficiency gains are not transitory, the utility will not receive the second half

of the shared savings incentive payment until 1998, following the second measurement and verification scheduled for 1997, with the calculated payment again reconciled to the actual, measured savings.

The Commission will closely monitor the workings of this new ratemaking system and its effects on CMP's performance during the three-year trial now underway. Talks have also begun between Bangor Hydro-Electric Company, the PUC Staff, and others, to craft a workable incentive system for that utility.

Environmental
Externalities

In 1990, the Legislature directed the Commission to analyze the extent to which the environmental and economic impacts of alternative energy resource plans should be included in the electric energy planning process. The analysis was presented to the Legislature on April 1, 1991. A majority of the Commission reached the following major conclusions:

- (1) There is no information available for estimating the marginal value of environmental externalities in Maine at the present time.
- (2) The available evidence for New England suggests an environmental adder program, if imposed, would be unlikely to have significant effects either on environmental conditions or the cost of producing electricity, at least in the near term.
- (3) There are serious administrative reasons for not embarking on a program of incorporating external environmental effects directly into the least cost planning process at this time.

Finally, the Commission concluded that while an environmental adder process

should not be implemented at this time, "we nevertheless believe that this has been an entirely productive process, and may, over the longer term, prove fruitful."

Nuclear Decommissioning
Financing Act

In 1982, the Legislature enacted the Nuclear Decommissioning Financing Act, now codified in 35-A M.R.S.A. §§ 4351-4359. This statute requires the Maine Yankee Atomic Power Plant in Wiscasset to file a Decommissioning Financing Plan with the Public Utilities Commission and directs the Commission to accept or modify the plan. In approving the final plan, the Commission establishes a cost of decommissioning and a schedule of monthly payments into a decommissioning trust fund.

The Commission approved a decommissioning plan for Maine Yankee in February of 1990. Maine Yankee appealed the Commission order to the Maine Supreme Court on the grounds that Maine law was preempted by federal law. The Maine Supreme Court issued its decision in October of 1990 and found the Commission order was preempted by the United States Constitution. The Commission appealed the decision of the Maine Supreme Court to the United States Supreme Court early in 1991. The United States Supreme Court declined to review the Maine Supreme Court decision. Thus, the most important provisions of the act have been voided. Namely the ability of the State of Maine to estimate the decommissioning cost of Maine Yankee and to assure that that amount of money will be available in the trust fund when the cleanup at Wiscasset, Maine must take place. It is anticipated that in the first session of the 116th Legislature, the Commission will seek legislation to conform Maine law to the decision of the court.

Competition
(Telecommunications)

On October 4, 1989, the Commission authorized the first competitive provider applying under the Competition Rule. AT&T received Commission approval to provide Federal Telecommunications System 2000 (FTS 2000) service to the United States General Services Administration (GSA) on an incidental basis within the State of Maine. When it provides this service, AT&T will pay access charges to local telephone companies as provided in the Competition Rule. Similar authority was authorized for U.S. Sprint on January 16, 1990. During 1990, U.S. Sprint was also granted authority to be a full service interexchange carrier and has filed schedules offering a broad range of services in Maine.

In addition, AT&T has been authorized to provide Software Defined Network Service. This is available to all Maine users and not just the federal government. It is expected AT&T will file to offer other services.

MCI Telecommunications has also been recently authorized to provide service in Maine. In addition, five smaller companies have pending applications to become competitive providers.

On November 13, 1991, the Commission issued an order adopting several changes to its rule which allows competition for long distance services within the State of Maine. The changes were designed to increase the level of interexchange competition in Maine and to provide more choices for Maine ratepayers. The most important change to the competition rule was to correct the situation whereby competitive long distance providers sometimes paid more to connect to local exchange company lines than the long distance rate paid by customers of the local phone companies for making in-state long distance calls. The rule was modified so that the charges a

competitive long distance company pays to connect to a local company's lines is always equal to or less than the best long distance rate a customer would receive from the local phone company. This not only provides competitive long distance companies an opportunity to make a profit to the extent they are more efficient than the local phone company or when they sell a lower cost service to a customer but also puts pressure on the local phone company to market their lowest priced available service to customers so their customers will not use the competitor.

Investigation of New
England Telephone
Company's Reasonableness
of Rates

On June 6, 1989, the Commission approved a stipulation in this docket resolving the revenue requirements and other regulatory issues. The initial stipulation was to run for a 24 month period or until June 6, 1991. On May 6, 1991, the Commission conducted a conference of the parties to discuss, among other things, whether the initial stipulation should be extended. On May 15, 1991, the Commission issued a letter stating it would entertain proposals to extend the initial stipulation as long as the extension would be consistent with the Commission's obligation to assure just and reasonable rates. On June 18, 1991, the parties filed a stipulation which continued the terms of the initial stipulation and contained various deadlines and procedures for future filings. This stipulation was approved by the Commission on July 26, 1991.

The provisions of the stipulation included the following:

- (1) NET would file with the Commission by September 3, 1991 information required by Chapter 120 of the Commission's rules, without written testimony. In other words, NET was required to file information to the

Commission as if they were filing a rate case.

- (2) The parties to the proceeding would recommend to the Commission a schedule for resolution of the cost of service study issues, resolution of any rate design issues, and a plan for pursuing incentive regulation.
- (3) The parties would share information necessary to explore and evaluate NET's performance in complying with the terms of the stipulation, any questions relating to the information provided concerning NET's revenue requirements, issues that may arise as a result of proposed amendments to Chapter 280, cost of service study issues, rate design issues, and incentive regulation issues.
- (4) The parties would submit comments on the appropriate methodology for cost of service studies.
- (5) That no later than November 20, 1991, the staff would report to the Commission on the results of the review of the Company's Chapter 120 filing and on the evaluation of NET's performance in complying with the terms of the stipulation. The November 20th date was later moved ahead to January 15, 1992.

The parties submitted comments on the proper methodology to use for cost of service studies. On January 6, 1992, the Commission ordered NET to submit an incremental long run cost study by April 6, 1992 to be followed by rate design proposals by July 1992.

Pine Tree Telephone &
Telegraph Company Rate
Investigation

In June 1990 the Commission received a complaint from customers of Pine Tree Telephone and Telegraph Company asking for an investigation of Pine Tree's rates, revenues and management

practices. After initial review, the Commission determined further action was warranted and opened a formal investigation on February 4, 1991. Initially, issues in the investigation included Pine Tree's general revenue requirements, rate design, low-income support programs and the utility's income tax return status.

A public witness hearing was held in Gray on September 5, 1991. On October 2, 1991, parties submitted a Stipulation designed to resolve some of the issues in the case, but the Commission rejected these settlement attempts on November 19, 1991, returning the case to a litigation mode.

Extended Area
Telephone Service

Extended Area Service, or "EAS", is a feature which expands a telephone customer's toll-free calling area. Until 1988, the Commission responded to customer requests to expand their calling areas by determining the cost to each customer and by polling customers in the affected area to determine if a majority desired the change.

In 1988, the Commission opened an investigation into the structure of calling areas and the future viability of Extended Area Service in Maine. In 1990, the Commission implemented optional calling plan trials for selected areas throughout the state.

In 1991, the Commission received comments on these plans from telephone utilities, interested parties, and ratepayers. The parties to the EAS investigation began evaluating the trials to determine the cost of extending calling areas and how well the trials are meeting the needs of ratepayers. The Commission also developed a computer database which provides information such as current calling area configurations and how they

would change if mileage parameters were used to determine local calling areas.

The EAS trials are scheduled to end in mid-1992 at which time the Commission plans to promulgate an EAS rule which will address the long-term structure of calling areas.

"Caller I.D."

"Caller I.D." is one of several relatively new services made possible by the installation of a new telephone technology, "CCS7," throughout the country. These services, collectively known as Customer Local Area Signaling Service or "CLASS" allow customer control over some features of the telephone network. In 1990, New England Telephone received Commission approval to offer four "Phonesmart" services on a one-year trial basis ending October 31, 1991. One of these services provides the originating telephone number, date and time of an incoming call, to be displayed on a device attached to the customer's telephone. This service is known as "Caller I.D." The Commission required NET to file quarterly reports covering each three month period of the trial.

In the fall of 1991, NET filed for permanent authority to offer Phonesmart Services including Caller I.D. The Commission suspended that request, and it is now pending before the Commission. Meanwhile, the Commission allowed the trial period to continue.

Municipal Water
Departments and
Quasi-Municipal
Water District
Reserve Funds

35-A M.R.S.A. § 6105, sub-§ 4(E), as originally enacted, allowed a municipal water utility to maintain a contingency reserve fund of up to 5% of operating costs. That section stated that if the allowance resulted in an excessive surplus, rates could be set which would use the excess to offset future revenue requirements. That section also

authorized the Commission to adopt rules to define excessive surplus and set uses for the funds. Pursuant to the above-mentioned statute, the Commission adopted a rule, Chapter 670, which defined when the contingency fund balance would be excessive and required that the excess be returned to the ratepayers. During the first session of the 115th Legislature, LD 426, An Act to Regulate Water Utility Contingency Reserve Funds, was introduced. This bill was designed to revoke the Commission's authority to limit the size of a consumer owned water utility's contingency reserve fund and to limit the Commission's authority to order a consumer owned water utility to return excess contingency reserve fund money to the ratepayers. Despite the opposition of the Commission, the Legislature enacted this bill with an amendment providing that the Commission may reduce rates of a consumer owned water utility if it determines that the utility has reached its maximum contingency reserve fund allowance and has an unreasonably large balance in its appropriated retained earnings account. The amendment also requires a utility to hold a public hearing for its customers if its contingency reserve fund allowance exceeds its total annual operating expenses by more than 7% for three consecutive years. This statute, Public Law 1991, Chapter 221, became effective May 31, 1991.

In light of the above mentioned statute, the Commission will not report further on this issue.

Portland Water District

On July 25, 1991, the Portland Water District ("the District"), filed with the Commission revised tariffs, requesting an increase in annual revenues of \$2,489,420, or 24.6% (Docket No. 91-162). The District claimed that the Federal Safe Drinking Water Act

required it to spend \$43,000,000 for new purification and transmission facilities over the next three years. The District estimated that operating and debt costs for these facilities would require increases in water revenues of approximately 75% over the next three years and that the current filing was the first phase of a 3-year program.

On July 17, 1991, the Commission received a ten-person complaint objecting to the rate increase proposed by the District and requesting that the Commission investigate the District's proposed rate design with regard to the city/town rate differential and fire protection charges (Docket No. 91-193). The complainants wanted the Commission to eliminate the difference between the city rate, which applies to the District's customers in the cities of Portland, South Portland and Westbrook, and the town rate, which applies to customers in the towns of Cape Elizabeth, Cumberland, Falmouth, Gorham, Scarborough, Standish and Windham. Under the District's proposed tariff revisions, its monthly city charges would increase by 33.4% and its town monthly charges by 34.4%. If the city/town differential were to be eliminated, the monthly metered charges for a 5/8 inch meter, the most common residential size, would increase monthly charges in the cities by 64.5% and decrease them in the towns by 7.5%.

On August 13, 1991, petitions signed by 1,757 customers of the District were filed requesting that the Commission investigate the proposed increase in rates proposed in Docket No. 91-162.

The Commission has consolidated the above proceedings for hearings, which are scheduled to be held in March, 1992, with a decision expected in April, 1992.

On a related matter, on

December 3, 1991, the Commission received a complaint signed by the Public Advocate and thirteen other persons requesting that the Commission investigate the need for and adequacy of the District's proposed construction of its water purification facility (Docket No. 91-193).

The Commission held both an evidentiary hearing and a public witness hearing on the complaint in Portland on December 19, 1991. After the hearing the Commission issued an Order on December 20, 1991, finding that no reasonable alternatives appeared available to the District that might cost the ratepayers less than the proposed purification facility and that all evidence received to date indicated that the District had acted prudently. Although finding that a stay was not justified, the Commission found it necessary to continue the investigation to determine whether the District explored sufficiently alternatives that would allow construction of a facility of smaller size and scale and whether such smaller size or scale would result in savings sufficient to justify a different course of action. Further hearings on this matter were held on January 9, 1992. The Commission Staff has requested that the subject matter of the Commission's investigation be consolidated with the issues in Docket Nos. 91-162 and 91-193.

Northern Utilities
Investigation

On Wednesday, December 5, 1990, an explosion resulting from a natural gas leak from a main owned by Northern Utilities, Inc. (Northern), caused by third party damage, occurred at a residence in Cape Elizabeth. After a summary investigation, the Commission issued a Notice of Investigation dated December 18, 1990.

On February 26, 1991, the Technical

Analysis Division issued to Northern a formal notice of probable violation of the Commission's safety rules in connection with the incident. The notice alleged noncompliance by Northern with certain state and federal laws and rules and regulations. On March 12, 1991, Northern filed a response to the notice of probable violations. Pursuant to the Commission's rules, Northern and the Technical Analysis Division staff held informal conferences and on December 6, 1991, filed a stipulation with the Commission which provided, among other things, that Northern will pay to the State of Maine a civil forfeiture of \$50,000 pursuant to 35-A M.R.S.A., § 4705, and that the actions taken by Northern after the incident constitute an acceptable plan of addressing the probable violations cited by the Technical Analysis Division. The Commission accepted the Stipulation on January 2, 1992.

Consumer Assistance

Winter Disconnection Rule. As was the case in the fall of 1990, the Commission received again in 1991 requests for exemptions from its Winter Disconnection Rule from all three investor owned electric utilities. The requests for exemption from Bangor Hydro-Electric Company and Maine Public Service Company granted for the winter of 1991-92 are the same as those exemptions granted last year. The Commission carefully reviewed these companies' implementation of their winter rule exemptions and determined that low income customers retain rights and protection equal to or exceeding those granted to them by the Commission's winter disconnection rule. In both cases, the utilities have certain rights to initiate a complete disconnection during the winter without permission of the Commission's Consumer Assistance Division. However, the implementation of these programs at

these utilities last year was accomplished in an efficient and sensitive manner. The Commission will continue to monitor the implementation of these winter rule exemptions and to respond immediately should the need arise. In all cases all customers have the right to appeal their disconnection to the Consumer Assistance Division and seek Commission review of their individual dispute with the utility. Central Maine Power Company, while it originally sought exemptions from the winter rule involving disconnection this winter, withdrew that request and negotiated a settlement of its winter rule exemptions with the staff and the Public Advocate that was accepted by the Commission. CMP continues to be required to seek permission to disconnect a customer during the winter period when the Commission's winter rule so requires. The exemptions granted to CMP do not affect this basic underlying process and were designed to stimulate certain administrative efficiencies in the collection process.

Low Income Electric Rates. Pursuant to LD 1428, An Act to Require Electric Utilities to Develop Proposals for Affordable Pricing for Low Income Residential Customers and for Financing Conversions, Public Law 1991, Chapter 253, the Commission initiated an investigation into low income electric rate programs involving the three investor owned electric utilities. The Commission approved programs for all three utilities in October 1991.

At Bangor Hydro-Electric Company (BHE), all low income customers with incomes at or below 75% of the federal poverty guidelines will receive a rate discount. This rate discount will be equal to a 25% reduction in rates for usage in excess of 250 kilowatt hours. This rate reduction will be in effect for approximately 4,500 eligible customers

for January through September 1992. The customer, in addition to the income qualifications, must apply for and be eligible for fuel assistance (HEAP) at their local Community Action Program agency. BHE has negotiated a contract with the two CAP agencies to refer qualified customers for the low income rate discount. The cost of the rate discount itself, administrative costs and potential savings due to reduced collection costs will be tracked and an evaluation will be presented to the Commission in the fall of 1992.

Maine Public Service Company (MPS) will implement a program directed at customers with incomes below 100% of the federal poverty guidelines. Its program will reward customers with a cash credit in the spring if they have kept the terms of their payment arrangement. Customers at 75% or below of the poverty guidelines will receive a credit of \$125, and customers with incomes between 75% and 100% of poverty guidelines will receive a cash credit of \$100, in both cases only if the terms of the payment arrangement are kept during the winter months. MPS will also track the costs and benefits in collection costs avoided as a result of this program and report its results to the Commission in the fall of 1992.

Central Maine Power Company (CMP) has instituted a more complex but potentially more targeted and cost effective program. Called the Electric Lifeline Program, CMP's program will target all customers who are eligible for HEAP and whose incomes are 75% of federal poverty guidelines or less. Customers will receive a monthly credit on their electric bill that will be calculated based on both their income and their usage. Those customers with an extremely low income and a high usage will receive a higher credit on a monthly basis than those who have a

higher income and a lower usage. The customer's credit will be calculated in such a way that the expected bill that remains will equal from 5% to 10% of the household's annual income. The customer will remain responsible for usage in excess of that covered by the credit on the bill. In addition, the customer will be required to accept all no cost energy management services and to select CMP as the recipient of the customer's HEAP benefit when the household usage equals or exceeds 8,000 kilowatt hours, usually associated with the presence of electric baseboard heat. An evaluation will be done of the costs and expected savings of the program which will be submitted to the Commission in the fall of 1992.

In all cases, these programs will be reviewed prior to their continuation or modification in the fall of 1992. The Commission has authorized the three utilities to defer the reasonable costs associated with these programs and to include those costs that exceed any benefits in the utilities' next request for a base rate increase.

Telephone Outreach Programs for Lifeline/Linkup. The Commission has stimulated the development of outreach programs by all telephone companies in order to comply with the mandate of LD 1698, An Act to Promote Participation in Affordable Telephone Service. In August 1991, the Commission notified all telephone companies of the requirement to develop statewide outreach programs in order to stimulate low income customers to take advantage of their Lifeline and Linkup programs. While all telephone companies have implemented these Lifeline and Linkup programs for several years, the penetration ratio among qualified or eligible low income households has dropped, primarily as a result of the increase in eligible customers due to the recession. The

Commission sought the cooperation of the Telephone Association of Maine (TAM), representing all 18 Maine local exchange service companies, in developing a statewide program and avoiding the need for further Commission rulemaking. TAM has developed a statewide outreach program in cooperation with the Department of Human Services which operates six out of the seven programs that qualify a household for Lifeline and Linkup, and the Maine Community Action Association, composed of the CAP agencies which implement fuel assistance or HEAP. The Commission will closely monitor this program during 1992.

VI. CONCLUSION

In this report we have provided to the Legislature detailed information pertaining to the activities of the Maine Public Utilities Commission over the past year. In Section III, the Commission has fulfilled its statutory reporting requirements under 35-A M.R.S.A. §§ 120 and 4358. In Chapter IV, the Commission has fulfilled its commitments to provide certain additional information to the Utilities Committee.

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



