



State of Maine
Public Utilities Commission
242 State Street - 18 State House Station - Augusta Maine

February 1, 2001

Commissioners

Thomas L. Welch
Chairman

William. M. Nugent
Commissioner

Stephen L. Diamond
Commissioner

Division Directors

Faith Huntington
(Acting)
Technical Analysis

Rich Kania
(Acting)
Finance

Dennis Keschl
Administration

Joanne Steneck
Legal

Derek Davidson
Consumer
Assistance

The year 2000 has been a busy year. The PUC ushered in an era of competition in the electric industry in March, and continued efforts during the year to grow competition in the instate telecom and natural gas industries.

Maine's switch to a competitive retail market for electricity supply went smoothly. While robust competition will take time to develop, more than 25% of Maine's electric load is already served by competitive suppliers, and more than 30 suppliers are now licensed to serve Maine consumers.

Because a smoothly functioning wholesale market is important for Maine's retail market, we began to focus on monitoring and improving the fledgling New England wholesale electricity market this year. We gave extensive input to the agencies that manage the New England market to help them improve market rules. We also kept a close eye on rising wholesale oil and natural gas prices to determine any impact they might have on Maine utility rates.

The Maine PUC continued to monitor instate toll rates, which have decreased slightly since last year, and are poised to drop further with another decrease in access charges scheduled for 2001. We also received additional authority to take the necessary steps to preserve our single, statewide area code throughout Maine, and received authority to handle interstate slamming complaints, enhancing our ability to help Maine consumers resolve their interstate slamming problems.

With the recent construction of two new natural gas pipelines in Maine, our gas utilities have been expanding this year. More commercial customers are signing on to buy gas, and the distribution system is growing. The PUC also assumed enforcement responsibility in 2000 for Maine's "Dig Safe" underground facilities safety program.

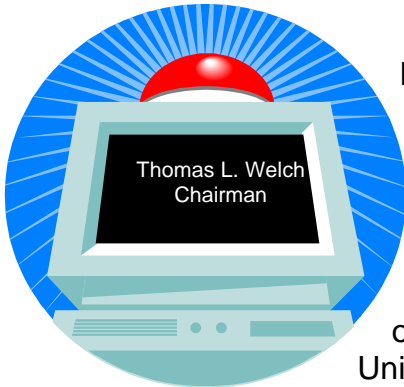
We look forward to further enhancing competition, and to helping our monopoly utilities continue to provide quality service at the lowest possible rates, in the coming year.

Thomas L. Welch
Chairman

William L. Nugent
Commissioner

Stephen L. Diamond
Commissioner

Commissioners' Biographies



Thomas L. Welch was appointed Chairman of the Maine Public Utilities Commission in May of 1993. Chairman Welch was reappointed to a second term in February, 1999. Prior to joining the Commission, Tom was Chief Deputy Attorney General in the Pennsylvania Office of Attorney General, was a General Attorney for Bell Atlantic and Bell of Pennsylvania, and practiced law in San Francisco. Tom has also been Assistant Professor of Law at Villanova University School of Law and Adjunct Professor of Law at Dickinson School of Law. Tom graduated from Stanford University in 1972 and Harvard Law School in 1975.



First seated as a Commissioner in October 1991, William M. Nugent was confirmed to a second 6-year term on June 6, 1997. Prior to coming to the Commission, Commissioner Nugent was (in reverse chronological order): President of the Greater Portland Chamber of Commerce, Chief Operating Officer of Envirollogic Data, Inc., Commissioner of the Michigan Lottery, Michigan's Deputy Budget Director, an aide to the Governor of Michigan and the Mayor of Detroit, a staff member of a White House Council, a staff assistant in the Office of the Secretary of Defense, a newsman and editor. Commissioner Nugent graduated Phi Beta Kappa from Fordham University, attended the U.S. Military Academy at West Point, and studied as a Heinz Fellow at the University of Pittsburgh.



Stephen L. Diamond began his service as a Commissioner on the Maine Public Utilities Commission in October, 1998. He previously served as Legislative Director and Legislative Counsel for United States Senator Susan Collins, Administrator of the Maine Securities Division, an Assistant United States Attorney, and a Deputy Attorney General in the Maine Department of the Attorney General. Mr. Diamond is a graduate of Stanford University and the University of Chicago Law School.

The Maine Commission

Mission Statement:

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

The Maine Legislature created the Public Utilities Commission in 1913 and the Commission began operation on December 1, 1914. The Commission has broad powers to regulate more than 383 utility companies and districts that generate more than \$1.7 billion per year in electric, telephone, water and gas utility revenues. The Commission also responds to customer questions and complaints, grants utility operating authority, regulates utility service standards and monitors utility operations for safety and reliability.

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

The Commission continues its efforts to streamline the regulatory process, encourage competition and protect and inform consumers in all the utility areas it regulates.

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

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

The Administrative Division is responsible for the day-to-day operational management of the Commission, including fiscal, personnel, contract and docket management, physical plant, computer operations and the Information Resource Center. This division also provides support services to the other divisions and assists the Commission in coordinating its activities.

The Consumer Assistance Division (CAD) is responsible for providing information and assistance to utility customers to help them resolve their disputes with utilities. The CAD processes complaints and in response to those complaints determines what utility practices, if any, should be corrected. The CAD is also responsible for educating the public and utilities about consumer rights and responsibilities and other utility-related consumer issues, and for evaluating utility compliance with State statutes and Commission rules.

The Maine Commission

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

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

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

During the past year the Commission processed the following caseload:

Cases Closed in 2000	
Reporting Categories	Disposition Date 1/1/00 to 12/31/00
CAD Appeals	19
CAD Remands	0
Communications	699
Electric	206
Gas	14
Rulemakings	11
Water	71
Water Common Carrier	2
Total	1,022

Cases Opened in 2000	
Reporting Categories	Disposition Date 1/1/00 to 12/31/00
CAD Appeals	21
Communications	649
Electric	251
Gas	15
Multi-Utility	0
Rulemakings	11
Water	72
Water Common Carrier	2
Total	1,021

Public Access

Increasing public accessibility to the Commission, its activities, processes and records, has always been an important objective. Over the past several years, we have been proactive in our use of new technology to ensure greater public access and to increase public involvement. A recent report by the U.S. Department of Commerce observed that the Internet is becoming an increasingly vital tool in our information society.”¹ The Commission website is one of those important tools. The Commission’s web presence allows the public, utility companies, interveners, researchers, and other interested persons worldwide to have access to the Commission.² In this period of increasingly competitive utility services, public information and education are vital if consumers are to benefit from competition. The Commission’s website has been an important instrument in providing that information, and the easy access to the Commission encourages participation in Commission activities.

The website provides current information on Commission decisions – often posted the same day – to users of the Internet generally, but, more importantly, to the more than forty-two percent of Maine households that have Internet access. Mainers also have access through all public libraries and K-12 public schools, using the Maine School and Library Network.

The Commission’s website contains information on deliberative session agendas, current docketed or active cases, recent decisions and orders, news releases and other time-sensitive matters. The site also contains lists of regulated utilities and their tariffs, staff contact information, Commission Rules, State Statutes, and live audio from the Commission’s deliberative sessions.

The live audio (using RealAudio™) feature is particularly useful for public access, and is very popular. Anyone with a computer and a modem is able to listen to Commission decisions being made. All of the Commission’s deliberative sessions, as well as most other hearings conducted in the PUC hearing room, are broadcast over the Internet and archived for access after the session is completed.

There continues to be significant interest in what Maine is doing regarding electric industry restructuring. The website features an electronic application for competitive energy providers, lists of those providers and links to their websites. The annual request for bids for the electric “Standard Offer” provider is posted on the website. The complete packages for the most recent bids were available for each service territory at <http://janus.state.me.us/mpuc/rfb2000.htm>. The website also provides access to the Commission’s electric restructuring consumer education program at <http://www.pucfact.com/>.

¹ Falling Through The Net: Toward Digital Inclusion, October 2000, U.S. Dept. of Commerce

² The Commission is open to the public Monday thru Friday (8:00 AM to 5:00 PM) with access to files and a photocopier, at a charge of 25 cents per page.

Public Access

The Commission's website includes individual sections for different facets of the Commission's activities. The Consumer Assistance Division section contains consumer bulletins, consumer tips, contact information and a "fill-in-the-blanks" electronic utility complaint form. There are separate pages for telecommunications, energy, natural gas, and water utilities, and for electric industry restructuring and legislative issues. All Commission Orders back to 1993 are accessible; with those from 1997-on converted to Adobe™ "PDF" format for ease of use. The website also enables for docket participants to electronically file case specific comments with the Commission.

A number of enhancements and improvements are planned for the website: these include a virtual docket, which will provide access to our case files for anyone with access to the Internet; a secure electronic filing capability for complete utility cases, including pre-filed testimony, appendices and exhibits; and a comprehensive search capability for information on the website.

Consumer Assistance

THE CONSUMER ASSISTANCE DIVISION

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

Consumer Education Activities

Electric Restructuring

The CAD played a significant role in the Commission's Electric Restructuring Consumer Education Program.³ The CAD answered over 6,250 consumer calls generated from the consumer education program. Of these calls, the CAD answered 90% live. The CAD staff also mailed three different informational brochures covering electric restructuring to consumers. These brochures addressed electric restructuring for residential and small business customers, aggregation, and renewable power sources. The CAD staff, along with other Commission staff, also made 89 presentations about electric restructuring to various interest groups across the State, reaching nearly 2,000 consumers. In total, the Commission directly interacted with over 8,250 consumers during its consumer education program.

Maine Telephone Education Fund

The Maine Telecommunications Education Fund "MTEF," in conjunction with the Commission and the OPA, initiated a plan in 1999 to increase the penetration rate for the Lifeline and Link-Up programs in the State of Maine. The MTEF is non-profit fund established to enhance consumer understanding of telephone service and equipment options and the changing nature of telephone service in general.

Since 1985, the Federal Communications Commission (FCC), in conjunction with the Maine Commission and local telephone companies, has administered the Lifeline and Link-up programs. The Lifeline program reduces a qualifying customer's monthly basic telephone charges up to \$10.50 while the Link-up program provides federal support to reduce eligible customers' initial connection charges to \$10.00 (from \$45.00 for Verizon customers).

³ The " Electric Restructuring Consumer Education Program" is more thoroughly described in the Electric section of this report.

Consumer Assistance

The State had been achieving a 60% penetration rate for the Lifeline program (65,500 customers) since at least 1995. To reach the remaining 40%, the MTEF sent a personalized letter to individuals in the State known to be eligible for the two programs. People eligible to receive TANF, food stamps, SSI (disability), Medicaid, and HEAP benefits are eligible to receive Lifeline and Link-Up. Approximately 134,000 personalized letters were sent. Each citizen in the State of Maine eligible to receive Lifeline and Link-Up benefits should have received a letter.

As a result of the mailing, the number of people participating in the Lifeline program in Maine increased by 17% (11,402 new participants) and the penetration rate for the Lifeline program increased from 60% to 71% from October 1999 through April 2000. Participation in the Link-Up program increased during this same time period by 39%, resulting in 2,722 people receiving phone service who did not have service prior to the mailing (see Table I). Considering the fact that the participation rate for the Lifeline program had increased by only 1.9% from January of 1995 to September of 1999 (the month prior to the mailing), this is a significant increase. In addition, Maine has one of the highest participation rates for these two programs in the country. Maine also had the highest participation rate the nation for telephone service in 2000 (97.9%).

Table I

Note: The average monthly number of new Link-Up participants prior to mailing was 1,178 and the average monthly number of Link-Up participants total (including people who moved) was 1,894.

Month	Total number of new participants	Number of new part. over monthly avg.	% increase over monthly avg.	Number of part. total (incl. moves)	Cumulative total % inc. over monthly avg.
October	1,743	565	48%	2,367	25%
November	2,245	1,067	90%	2,968	57%
December	1,511	333	28%	2,066	9%
January	1,509	331	28%	2,058	9%
February	1,381	203	17%	1,943	2%
March	1,401	223	19%	2,135	13%
Cumulative for 6 months	9,790	2,722*	39%*	13,537	19%*

* ***Increase attributable to the MTEF effort.***

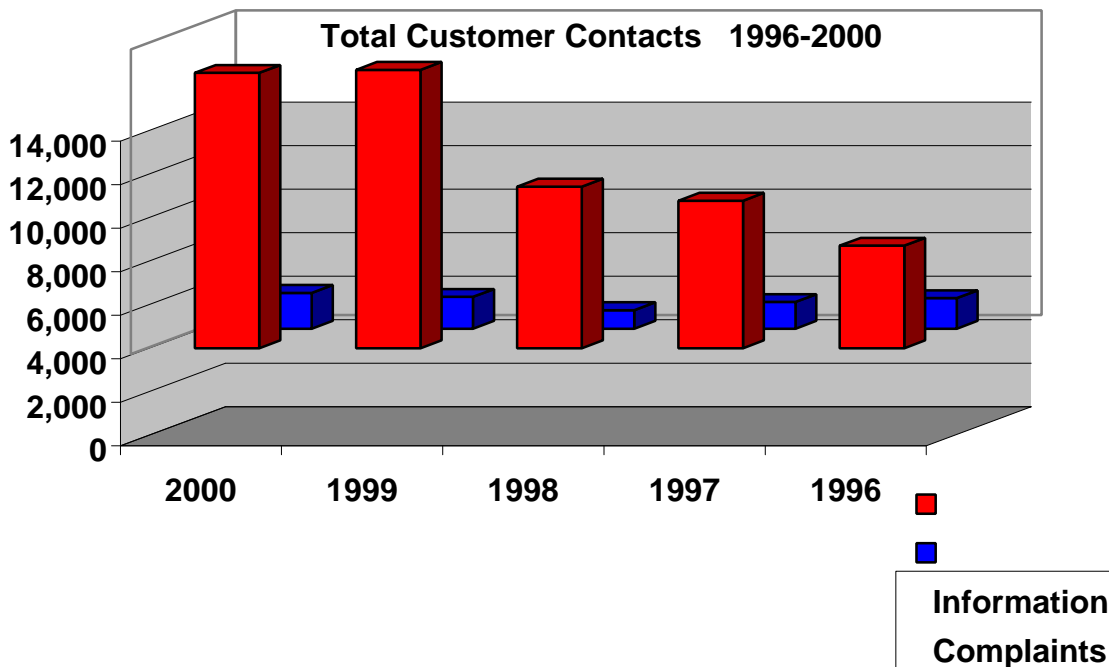
Consumer Assistance

The CAD received over 5,500 calls from customers who received a letter or flyer inquiring about the Lifeline and Link-Up programs. Many of these customers had been disconnected in the past for non-payment of toll charges and believed that they could not receive telephone service until they paid off the toll arrearages. Some customers who called had never had telephone service, or at least not in their name. The CAD assisted these customers by helping them obtain service, by signing them up for the two programs, and by establishing affordable payment arrangements for outstanding basic service charges. If not for this mailing, many of these consumers would have continued to go without phone service.

Consumers Assisted in 2000

As depicted in Figure I, the number of consumer contacts the CAD receives continued to increase in 2000. During 1999, the CAD assisted a total of 14,725 consumers, the largest number in CAD history. In 2000, the CAD assisted a total of 15,626 consumers, surpassing last year's record number by 6%. This is a 73% increase over the 9,021 consumers assisted in 1998, a 60% increase over the 9,789 consumers in 1997, and a 255% increase over the 6,119 consumers assisted in 1996. The CAD also answered over 92% of all consumer calls received during 2000 live. This is a dramatic change from a few years ago when the majority of consumer calls were taken by a machine and returned by staff at a later time. By taking calls live, many of the complaints received by the CAD are resolved immediately over the phone.

Figure I

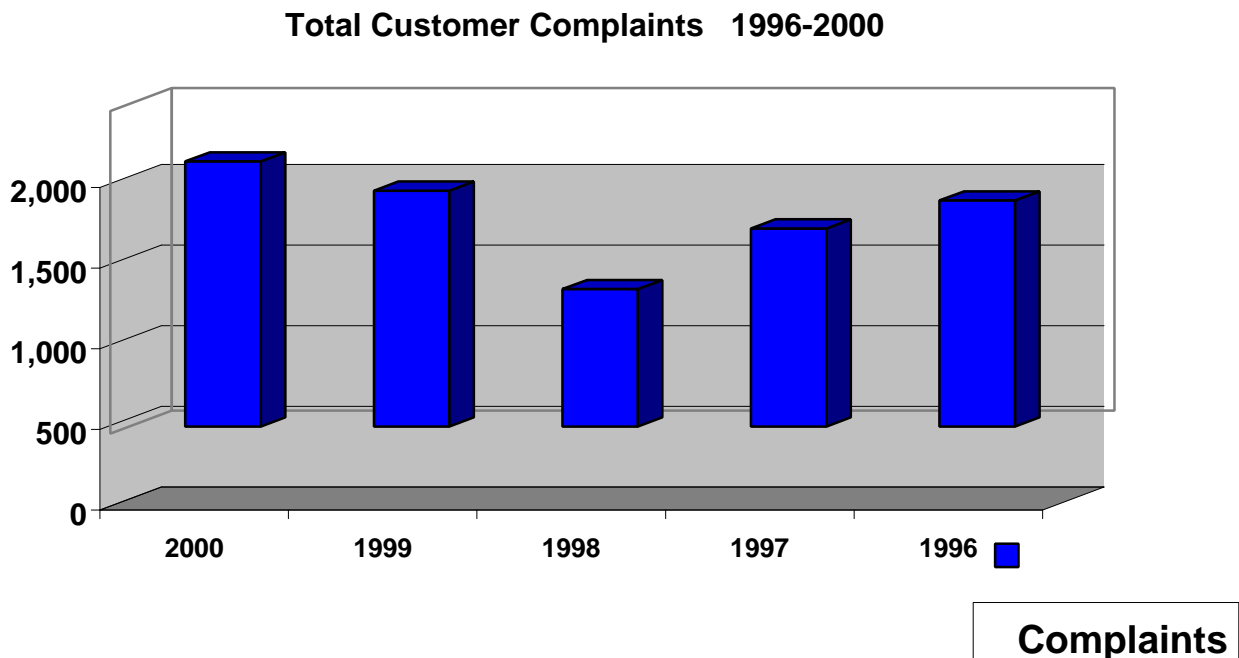


Consumer Assistance

Consumer Complaints

Consumer contacts are recorded as either information contacts or complaints. Information contacts are calls or letters where the CAD provides information to a consumer or resolves a consumer problem over the phone, without the need for taking a complaint. Complaints are calls or letters where a consumer has a dispute with a utility that the consumer has been unable to resolve. Information contacts accounted for 81% of the total number of consumer contacts received in 2000. Complaints accounted for 11% of the total number of consumer contacts received in 2000 and winter disconnection requests accounted for the remaining 8%. As seen in Figure II below, the number of complaints received in 2000 was somewhat higher than the number of complaints received in 1999 and significantly higher than the number of complaints received in 1998. The primary reason for this increase was the increased number of customers assisted by the CAD in 2000 over the number assisted in 1998. The increase can also be attributed to increased consumer confusion associated with competition in the telecommunication and electric generation markets.

Figure II



Electric

- ⚡ During 2000, the Commission directed implementation of electric industry restructuring, which began for all Maine's customers on March 1, 2000.
- ⚡ Maine electricity consumers were assisted in preparing for the transition to competitive electric supplies by the Commission's "Electric Choice Consumer Education Program."
- ⚡ Migration to open market supplies of electricity by larger electricity consumers has proceeded more rapidly than for smaller commercial and residential consumers.
- ⚡ The Standard Offer services the majority of Maine electricity consumers, primarily residential and small commercial, as escalating energy prices impact the price of electricity for BHE's Standard Offer Service
- ⚡ The Commission significantly increases its participation in regional wholesale and transmission activities, monitors standard offer service and revises prices and procedures, monitors the activities of open market competitors, and approves rates for the regulated transmission and distribution utilities.
- ⚡ The decommissioning of Maine Yankee continued on-schedule as the Commission works with others to ensure that the Department of Energy (DOE) fulfills its responsibility for storage of the spent nuclear fuel.

Migration to the Open Market

By the beginning of 2000, the Commission had approved all requirements governing licensed competitive electricity provider (provider), and stakeholder groups had developed standard form contracts between utilities and providers, electronic business transactions (EBT) procedures for exchanging data between utilities and providers, and a provider training and testing program.

As of early December 2000, 35 competitive providers were licensed to provide service in Maine. Of those, 16 are aggregators or brokers and 19 are marketers selling electricity directly to customers. Of the 19 marketers, 9 will serve only large or medium customers.⁴

⁴Customers are divided into groups for the purposes of standard offer service, consumer protections, and load profiling and settlement. Within this report, we refer to four groups. Residential customers are households. Small commercial customers are businesses with loads less than 20 kW (in CMP's territory), 25 kW (in BHE's territory) or 50 kW (in MPS's and all COUs' territories). Large customers are businesses with loads above 400 kW (in CMP's territory) or 500 kW (in all other territories). Medium customers' loads fall between the small and large customer load breakpoints.

Electric

As anticipated, migration to the open market began with the state's largest customers. During the spring, one aggregation group of medium and large customers began purchasing energy from a competitive provider, while many other large customers obtained providers independently. Two additional aggregation groups recruited medium-sized business customers for eventual migration to the competitive market. One marketer offered green power to residential customers, but response was minimal. By the end of May 2000, migration to the competitive market followed the patterns shown in the following table:

Load Served by Competitive Providers, end of May 2000

	CMP	BHE	MPS
Residential & Small Commercial	<1%	<1%	2%
Medium Class	6%	2%	21%
Large Class	65%	46%	7%
Total	29%	20%	7%

Enrollment activity declined during summer months because of high wholesale prices. However, an additional residential aggregation group solicited customers for eventual purchase of green power and recruitment continued within existing aggregation groups. In the fall, retail activity increased and a new aggregation group of medium customers began purchasing energy from the open market. Residential activity remained low.

In Northern Maine, migration occurred more quickly. A far higher number of residential customers migrated to the competitive market – 1500 customers, or 10% of the total -- than did so in southern Maine, despite the fact that the standard offer price was substantially below BHE's. The single provider that actively offered service to residential customers was a locally-owned company; a second provider agreed to serve residential customers but did not appear to actively solicit that market. By the end of October, the percentage of load served by the competitive market in all three rate classes was higher in MPS's territory than in BHE's or CMP's.

The following table shows migration to the competitive market as of the beginning of December:

Load Served by Competitive Providers, Beginning of December 2000

	CMP	BHE	MPS
Residential & Small Commercial	<1%	<1%	8%
Medium Class	14%	3%	64%
Large Class	68%	29%	73%
Total	33%	12%	38%
Total load served in state: 30%			

Electric

Customers Served by Competitive Providers, Beginning of December 2000

	CMP	BHE	MPS
Residential & Small Commercial	129	37	1680
Medium Class	928	38	111
Large Class	148	7	11
Total	1205	82	1802
Total customers in state: 3089			

Unfortunately, during this first year of open access, aggregation groups targeting residential customers have not developed as hoped. One residential aggregation group began actively soliciting customers, and various internet-based companies operate in Maine. Only one licensed marketer actively solicits residential sales. The high transaction costs associated with serving residential customers, the lack of residential aggregation throughout other New England states, and a relatively low standard offer rate in CMP's and MPS's territories undoubtedly contribute to the slow growth in residential sales.

STANDARD OFFER SERVICE

During 2000, standard offer service was available to all Maine consumers, as required by law. Standard offer service was provided in part by providers chosen through the Commission's competitive solicitation process and in part by the incumbent T&D utilities.⁵ More than 80% of Maine consumers had access to standard offer service provided directly by a retail provider chosen through the Commission's competitive solicitation process. However, because this solicitation did not yield acceptable bids for all classes and service territories, the Commission directed CMP and BHE to procure power supply and provide the additional standard offer service needed.

The table below summarizes the standard offer service providers and average prices at the beginning of open access.

Standard Offer Providers and Average Prices on March 1, 2000

	Residential and Small Commercial Class		Medium Class		Large Class	
	Provider	Ave Price ¢/kWh	Provider	Ave Price ¢/kWh	Provider	Ave Price ¢/kWh
CMP	Energy Atlantic	4.089	CMP	5.9	CMP	5.2
BHE	BHE	4.5	BHE	4.9	BHE	4.9
MPS	WPS-ESI	4.2906	WPS-ESI & Energy Atlantic	4.2549	WPS-ESI	4.0038

⁵ The consumer-owned utilities (COUs) procured standard offer suppliers through their own competitive solicitation.

Electric

Because of the utilities' role in providing standard offer service, the Commission monitored utilities' procurement decisions and ensured that standard offer prices reflected the underlying power supply costs. The power supply strategies used by CMP and BHE for standard offer service were quite different from one another. CMP's strategy was to lock in its supply and price up-front by securing a fixed price, full requirements contract with a wholesale supplier. BHE used a portfolio approach whereby standard offer supply was provided with a blend of wholesale contracts and spot market purchases.

During 2000, BHE's standard offer prices were adjusted twice to reflect changes in the supply portfolio as well as actual spot market prices that have been much higher than estimated. In July the Commission approved revised prices to increase standard offer revenues by approximately 1.7%. In September, the Commission approved a 32.5% increase in BHE's standard offer prices.⁶ These price increases were necessary to cover the wholesale supply costs of standard offer service. Despite these price increases, standard offer prices remain lower than they would have been if BHE had accepted any of the fixed price bids it received, and they remain lower than any bids offered by competitive providers in the standard offer solicitation process.

Current Standard Offer Solicitation

On October 2, 2000, we issued RFPs for suppliers to provide standard offer service for CMP, BHE and MPS customers for the period beginning March 1, 2001.⁷ On December 1, qualified bidders began submitting price bids. Because of the volatility of the wholesale electricity market, bidders wished to submit bids that were open for only a short period of time and to resubmit new bids after that time had expired. We allowed this procedure, and therefore considered bids on a daily basis. On December 11, we accepted a winning bidder for MPS's territory but have kept the bid price and the name of the bidder confidential to avoid placing the bidder at a disadvantage while it secures its supply.

During December, two events exerted a dramatic and undesired impact on the bids we received. First, prices in the natural gas commodity market fluctuated significantly, causing electricity prices to spike in response. In addition, the FERC issued a decision that set the cost of ICAP deficiency at a higher level than many had anticipated. We believe that the first event is transitory and that the second event has some likelihood of being reversed. Therefore, we ruled that it would be a disservice to the consumers of Maine to accept bid prices that reflect the uncertainties created by the events. Currently, we continue to accept bids and we simultaneously have directed CMP and BHE to explore wholesale power supply arrangements that would allow the utilities to provide standard offer service.

⁶An increase of 32.5% to standard offer resulted in an increase of 10.5% to residential bills.

⁷Some consumer-owned utilities' standard offer service will be provided as part of this solicitation. Other COUs' service will continue to be served under existing contracts.

Electric

Electric Choice Consumer Education Program

Consumers must be informed about electric restructuring to make wise purchasing decisions, and informed consumers are important for the development of an efficient market and the success of restructuring.

During 2000, the Commission continued implementation of its electric restructuring consumer education program. The program, launched in 1998, satisfies both a Legislative mandate that the PUC provide education about Electric Choice, and the Commission's own desire to ensure that consumers are informed about changes in the industry before they make electricity supply purchasing decisions.

The program provides information to residential, small commercial and municipal consumers. The program uses a variety of complementary educational methods in an integrated fashion, to reach the broadest audiences. A broad-based public advisory panel has assisted the PUC in program design and implementation.

During 2000, the Commission completed implementation of the third phase of the program, surrounding the beginning of competition in March. The PUC continued advertising on TV, radio and in newspapers to raise general awareness of restructuring, and sent direct mail reference guides to all residential and small commercial consumers in January 2000. The PUC hosted several community forums in early 2000, and continued to support outreach by selected community-based organizations. The PUC electric choice Speakers' Bureau also continued to speak to groups across the state, and has now reached more than 3,500 consumers.

While the education campaign kicked into full gear as 2000 approached, when it became clear in early January that the development of the competitive market would be slower than expected, the PUC slowed the education campaign. The PUC, responding to advice from the Advisory Panel, deferred some planned investments in advertising, newsletters, and other educational activities, to preserve resources in case additional educational activities are necessary as the competitive market develops.

Research results from Spring 2000 show that, despite being scaled back, the campaign increased consumer awareness and understanding of restructuring. For example, awareness increased from 47% in 1998 to 73% in 2000, consumers who felt "fairly well" or "very well" informed increased from 16% in 1998 to 51% in 2000, and consumers who knew that they would automatically receive Standard Offer if they did not choose a supplier increased from 43% in 1998 to 84% in 2000. Research from September 2000, however, suggests that these advances in awareness and knowledge are dropping now that active outreach has stopped, suggesting that, once competition for residential consumers picks up, some additional education may well be appropriate.

Electric

Consumers seeking a brochure or other information should call the toll-free PUC Electric Choice Information Line at 1-877-PUC-FACT (1-877-782-3228) or visit the PUC Electric Choice website at www.pucfact.com.

Monitoring the Wholesale Market and other Regional and Federal Activities

The Commission continues to fulfill its obligation to monitor events in New England's wholesale markets as required by the Restructuring Act. It has participated in the rulemakings and deliberations of various New England Power Pool (NEPOOL) Committees, monitored the progress of the Independent System Operator (ISO-NE), initiated, intervened and commented on important cases at the Federal Energy Regulatory Commission (FERC), met individually with representatives from each of the market sectors, significantly expanded the time commitment from its own staff to understand and address emerging market issues, and worked collaboratively with regulators from other New England states to improve the uniformity of markets in different states and the effectiveness of the New England PUC's in negotiating within and litigating before regional and national organizations.

Because these regional and federal activities significantly impact the electricity prices of Maine consumers, this report provides explanations of the regional entities and procedures, and information on the Commission's involvement with them.

NEPOOL:

The New England Power Pool (NEPOOL) is a voluntary organization of entities engaged in the power markets that interact with each other according to a set of formal rules called the NEPOOL Agreement. NEPOOL has five membership sectors. They are transmission owners, load providers, public power companies, generators, and end use customers. The NEPOOL Agreement covers the market operation rules and also the regional open access transmission tariff (OATT). Standing committees develop the market rules and the transmission tariff, oversee the bulk power system's reliability, and attempt to develop consensus on filings with the Federal Energy Regulatory Commission (FERC). The Commission actively participates at the NEPOOL Committee meetings. Through the committee process, Commission representatives support positions that provide greater market transparency and information disclosure and rules that provide increased opportunities for competitive entry. The Commission chooses its positions carefully based on principles that will advance the interests of Maine's consumers and promote the development of competitive retail markets in Maine. Regulators don't have a vote at NEPOOL, but their views are considered because of Maine's active participation at the FERC and FERC's interest in state perspectives.

ISO-NE:

The New England power grid comprised 8,000 miles of transmission lines owned by seven regulated transmission companies, and 330 generating stations owned by unregulated

Electric

companies. A system operator maintains grid reliability by coordinating the operation of all of these facilities. The mix of regulated transmission utilities with unregulated generation and load serving companies that now exist in the region requires a system of commercial rules to guide the operation of the system. The Independent System Operator of New England (ISO-NE) was formed in 1997 to maintain system reliability and to ensure that the operating rules developed by the NEPOOL Committees are applied to the mixture of transmission and generation facilities in a manner that is fair and impartial to all. ISO-NE also has a responsibility for ensuring the competitiveness of New England's wholesale markets, and has the authority to monitor the markets and to mitigate certain types of behavior. When the market rules developed by NEPOOL threaten either the reliability of the system or competitiveness of the market, ISO-NE has the authority to unilaterally change the rules that may only be reversed by the FERC. The Maine Commission has supported ISO when it has exercised this authority and has also supported ISO-NE when its authority has been challenged at the FERC. The Commission has also been critical of the ISO-NE when it has appeared that the agency was reluctant to exercise its authority as intended. Over the past year, there have been numerous meetings and phone calls between the Maine Commission and high level ISO-NE employees to discuss specific market problems and ISO representatives have twice traveled to Augusta to explain their positions to Commissioners in person. The focus of many of these meetings was the Installed Capability Market (ICAP), of which the Maine Commission and other market participants have been highly critical.

Federal Energy Regulatory Commission Activity:

The FERC regulates transmission pricing and has the authority to approve the market-based rates under which the New England and northern Maine markets operate. As a result, all of NEPOOL's market rules, ISO-NE's interpretation of the rules, and decisions about who plans, builds, and pays for transmission are under FERC jurisdiction. The rapid pace of change to the NEPOOL rules necessitated by the move to markets has greatly increased the number, complexity, and contentiousness of filings before the FERC. The Commission has reacted by devoting more of its legal staff time to monitoring and participating in these proceedings, and has retained the services of expert FERC counsel based in Washington D.C. A brief summary of some of these proceedings is provided below.

- Transmission Pricing: All of Maine's utilities were involved in filing "formula based" transmission rates. Commission staff and our FERC counsel were instrumental in negotiating a settlement among the parties, which included ratepayers, independent power producers, and transmission companies.

ISO Authority: ISO-NE re-calculated the clearing prices in the Operable Capability (OPCAP) market for certain days in the summer of 1999. Rules for the market were poorly written and ISO's rule interpretation caused prices to drop from \$1600/MWh to

Electric

\$3/MWh. The Maine Commission filed comments in support of the ISO's interpretation of the rules when it was challenged at the FERC by a number of merchant generators. FERC agreed with the position adopted by the ISO and supported by the Commission. The OPCAP market was later eliminated due to this and other problems.

ISO-NE's authority has also been challenged by INDECK, an independent generator located in Maine. ISO-NE instructed the generator to run, but refused to pay the price INDECK had bid because it believed the pattern of the company's bidding demonstrated an intentional effort to raise clearing prices. We supported ISO-NE's exercise of its authority. FERC did not agree, and instructed ISO-NE to modify its method of mitigating such behavior in the future. ISO-NE was also challenged when it re-settled prices in the ICAP market. Starting in November of 1999, the bid prices in this market increased from near zero to as high as \$9,999/MW for no readily apparent reason. ISO-NE determined that there had been "anomalous conduct in the market" and re-settled the prices back to zero. Had ISO-NE not acted, the higher costs would have dramatically affected consumers receiving standard offer service in Maine. We supported ISO-NE's initial action and continue to support it in subsequent, ongoing legal challenges at FERC.

- NEPOOL Rules: As mentioned above, the NEPOOL rules are undergoing a period of rapid change. NEPOOL filings at FERC, which at one time were largely consented to by all parties, have become much more contentious. We have been actively involved in a number of such proceedings, and are currently working with NEPOOL participants to make changes to ISO-NE's market monitoring and mitigation authority. The changes, which were mandated by the FERC, affect consumers because they will determine when ISO-NE can act to mitigate the exercise of market power. We have also intervened in FERC proceedings and urged the FERC to allow greater freedom of transactions with other electrical grids such as those in New York, Quebec, and New Brunswick. Increasing the number of supply sources to New England will reduce market concentration, increase competition, and should drive energy prices lower for consumers.
- Price Spikes: When energy prices in the New England spot markets reached \$6,000/MWh (\$6.00/kWh) for four hours on May 8, 2000, the Maine Commission wrote to the FERC Chairman and CEO of ISO-NE requesting a detailed and specific explanation for why such prices would occur in a competitive market. When the answer from ISO-NE indicated that the prices resulted largely from the ways in which market rules had been interpreted rather than from market fundamentals, the Maine Commission filed a complaint at the FERC regarding ISO-NE's interpretation of the rules and seeking a recalculation of the prices for the hours in question. The Commission has also filed comments at FERC supporting the requests of other parties for the imposition of price caps on the New England market.

Electric

Collaboration with Other States:

The New England Conference of Public Utilities Commissioners (NECPUC) provides an opportunity for the commissioners of different states to share information and collaborate on solutions to regional issues. NECPUC has created a NEPOOL “Coordinating Committee” which meets regularly to discuss wholesale electric market issues. The group attempts to prevent the balkanization of individual state markets by maintaining uniformity among the rules of different states. The goal of this strategy is to reduce the costs of doing business for suppliers, thereby reducing prices to consumers.

NECPUC provides a vehicle for pooling resources. The coordinating committee has developed a work plan that spreads the responsibility for covering various market issues among different states to optimize the use of staff resources. The Maine Commission spearheads the effort to develop and file consensual NECPUC positions at FERC on market issues in the belief that a unanimous position by all six New England states will carry greater weight with the agency than one state speaking alone.

Northern Maine Independent System Administrator:

The northern part of the State⁸ is not directly connected to New England’s electric grid. Northern Maine operates as part of the Maritimes Control Area and receives power through transmission facilities owned by New Brunswick Power Company. As a result, the scheduling, market procedures, and financial settlement performed by ISO-NE do not extend to the northern Maine market.

Prior to 2000, the Northern Maine Independent System Administrator (NMISA) was created to schedule the northern Maine transmission system, and to develop and enforce market rules and operating procedures that ensure the integrity of transmission capacity availability and guarantee non-discriminatory markets for balancing energy and ancillary services. The Commission monitored the northern Maine market and NMISA operation during the year and observed that the market appears to be functioning reasonably well.

Regional and Rural Consumer Issues

Pursuant to 35-A M.R.S.A. §120 (3), the Commission is required to report on its efforts to protect consumer interests through participation in and presentations before regional entities and federal agencies with jurisdiction over regional marketplaces that affect Maine consumers and to provide an assessment of staffing requirements to undertake these responsibilities; and to identify any rural issues that it has determined may require legislative action.

⁸ Within this context, northern Maine includes the service territory of MPS, Eastern Maine Electric Cooperative, Van Buren Light and Power and Houlton Water Company.

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The preceding section, "Monitoring the Wholesale Market and other Regional and Federal Activities," describes our efforts to protect Maine consumer interests on both the regional and federal levels. While this activity was resource intensive, the Commission has absorbed much of the cost of regional activities within its current budget. Continuing this activity into FY 02 and FY03 will exceed our "consulting budget." Therefore, the Commission is proposing legislation to increase our assessment to cover our ongoing transition costs through FY03 and to make carryover monies from FY01 available for these consulting needs. The requested increase in our assessment for FY02 will be \$317,754 and for FY03 will be \$586,930. This increase in assessment will allow approximately \$900,00 in carryover money from FY01 to be used for our current estimate of consulting needs over these two fiscal years. On December 1, 2001, the Commission will present to the Joint Committee on Utilities and Energy, its proposed reorganization plan, which will allow it to meet the challenge of overseeing the developing competitive markets for the provision of utility services.

In response to 35-A M.R.S.A. §120(4), requiring the Commission to identify any rural issues that it has determined may require legislative action, at this time we have not identified any adverse impacts to rural areas resulting from the restructuring of our electric utility industry. The Commission will continue to monitor this issue and will inform the Legislature, if it identifies the need for any specific legislation to protect the rural areas of the state.

Maine Yankee

The decommissioning at the Maine Yankee Atomic Power Company plant has continued during the year 2000. Despite the termination of Maine Yankee's contract with the Decommissioning Operations Contractor (DOC), Stone & Webster, due to Stone & Webster's unrelated financial difficulties, the decommissioning process remains on schedule. Maine Yankee has received bids from other corporations seeking to become the new DOC. In the near term, Maine Yankee will decide to accept one of the bids or to act as its own general contractor.

During the year, Commission staff has met with representatives of the Department of Human Services, Department of Environmental Protection, the Attorney General, the State's Nuclear Safety Advisor, and the OPA to coordinate as much as possible, the State's regulatory approach to the clean-up and reuse of the Wiscasset site. This coordination effort is expected to continue until decommissioning is complete.

The Commission, in conjunction with other State representatives, has also consulted with Maine Yankee representatives about Maine Yankee's litigation against the United States Department of Energy (DOE) for damages resulting from DOE's breach of contract to dispose of Maine Yankee's spent nuclear fuel. The State and the PUC will continue to monitor and perhaps to participate in the litigation and in any settlement process. The State's objective continues to be to seek the removal of the spent nuclear fuel from Maine as soon as reasonably possible. The Commission also seeks to assure that ratepayers do

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not pay for spent fuel storage or transportation expenses that DOE should have incurred as part of its contract with Maine Yankee.

As part of the settlement of Maine Yankee's most recent FERC rate case, the Maine owners of Maine Yankee, the Public Advocate and the Commission agreed to a ratemaking adjustment mechanism that would serve as a means to assess the prudence of the shutdown decision. It was agreed that any write-off resulting from the mechanism would be capped at \$41 million for the three Maine owners (CMP 76%, BHE 14%, MPS 10%). The ratemaking adjustment mechanism has proved to be complex and the parties to the agreement have disagreed as to the correct implementation of the mechanism. During November and December of 2000, CMP, BHE, the OPA and the Commission have agreed in principle to terminate the mechanism. CMP and BHE will instead create a regulatory liability of half of their share of the cap amount, which the Commission will return to ratepayers at a later date, likely in the form of reduced stranded costs. Negotiations with MPS are still taking place.

Natural Gas

HIGHLIGHTS



Two new interstate pipeline lines now allow for expanded access to natural gas in Maine



Five new natural gas fired electricity generators brought 1500 MW to Northeast



The Commission increased its oversight of pipeline line safety issues

Expansion of Natural Gas Usage Customers in Maine

Two new interstate pipelines, Portland Natural Gas Transmission System (PNGTS) and Maritimes & Northeast Pipeline, began in 1999 to bring increased natural gas supplies into Maine. As a direct result, gas local distribution utilities (LDCs) authorized to serve in Maine have expanded their facilities into several new areas in the state. Municipalities that now have or are soon to have natural gas service include: Windham, Bucksport, Old Town, Veazie, Bangor, Brewer, Sanford, Kittery, Orono, Brunswick, Pownal, Rumford, and Gorham.

Maine's gas distribution utilities have contracted with new large industrial, or "anchor" customers, such as Vishay Intertechnologies, Fort James Corporation, Bucksport Energy, Westbrook Energy Center, Brunswick Naval Air Station, Portsmouth Naval Shipyard, and the University of Maine at Orono and Gorham. Other businesses such as International Brands Corporation, International Paper, Auburn VPS, Phillips Element, Pike Industries, and the Maine Medical Center, have chosen to expand their use of gas.

Natural Gas Powers New Electric Generation Facilities

The new gas supplies also support five newly constructed gas-fired electric generation facilities, located in Westbrook, Bucksport, Veazie, Rumford, and Jay, which will provide 1500 MW of electricity to the northeast region.

Impacts of Natural Gas Price Increase

With drastically increased gas prices this year of over 30%, for retail consumers having more than doubled over the last 2 years, we are actively monitoring regional supply and market conditions, as well as corresponding gas utility programs, with an eye toward mitigating adverse impacts on natural gas consumers where appropriate. This year we advised the Legislative Task Force to Reduce the Burden of Home Heating Costs on Low-Income Households on the issue of whether interruptible natural gas services are likely to adversely impact Maine's price of home heating oil during the winter months. We also participated in the legislative Study Committee on Gasoline and Fuel Prices.

Natural Gas

Regional Activities

We are participating in the New England Governor's Conference emergency planning efforts being coordinated throughout the region. Our role is to ensure that utilities that are vulnerable to winter fuel shortages or drastic price spikes are adequately prepared so that, to the extent possible, harm and dislocation to Maine's citizens and businesses may be avoided or mitigated.









Pipeline Safety

For the past two years, new gas companies have been building distribution systems in Windham, Gorham, Bangor, Brewer, Orono, Old Town and Veazie. More than 40 other towns and cities have been authorized by the Commission to be served. In addition, pipelines have been built to serve five gas-fired power generation facilities, and the state's oldest gas distribution company is expanding into new territory. New lines were inspected during construction, and maintenance records were audited throughout the year. A compliance program for jurisdictional liquefied petroleum gas (propane) facilities that was initiated last year continued.

The Legislature has now assigned the prevention of damage to underground utilities to the Public Utilities Commission. New rules were developed and became effective November 12, 2000. These rules obligate excavators and utility operators to take measures that will reduce damage to buried facilities.

During 2001, the Commission, through its safety program, will continue to review and inspect the design and construction of all new gas facilities as well as perform compliance audits that will confirm proper operating and maintenance procedures and records. Also, in the interest of public safety, we will be vigorously enforcing the new damage prevention rules.

Telecommunications

-  Intrastate toll rates continue to decrease but at a slower pace.
-  The Commission implemented additional number conservation measures to preserve Maine's status as a single area code state for as long as possible.
-  A new round of rates cases has begun for nine independent telephone companies (ITCs), with additional cases to begin periodically throughout 2001. Access rates for all ITCs will be reduced on May 30, 2001, as required by 35-A M.R.S.A. § 7101-B.
-  Verizon received \$10.6 million (rather than the \$6 million amount estimated in last year's report) in additional high-cost support for 2000 and is expected to receive \$8 million for 2001. Verizon customers in urban and certain suburban exchanges are receiving the benefit of these funds through monthly bill credits, which will continue in 2001.
-  The Commission extended the current Alternative Form of Regulation (AFOR) for Verizon Maine until May 29, 2001, to allow additional time for the further development of the record in a proceeding to determine the terms of a new AFOR. The new AFOR is now likely to begin at the same time that the Company must further reduce its intrastate access rates to equal its interstate access rates.
-  The Commission has elected to act as the enforcement agent for the FCC's revised and strengthened slamming rules.
-  The Commission has initiated an investigation into the issues surrounding basic service calling areas (BSCA), which are also known as extended calling areas (EAS). The Commission is currently receiving comments and gathering information that will be used to decide if the current BSCA Rule should be modified.
-  The Commission has decided on a framework for the Telecommunications Education Access Fund, which will function as the successor to the current School and Library Fund. Collections for the new fund will begin on July 1, 2001. The Commission also decided that any remaining amount in the current fund will be carried over into the new fund.

Telecommunications

Toll Rate Reductions

Intrastate toll rates continued to decrease, but the rate of decrease slowed because no additional access rate reductions occurred during 2000, and because most long-distance carriers already had already reduced their in-state rates to levels that were and are only slightly above their interstate offerings. Interstate access rates, particularly those of Verizon, have declined significantly since May 30, 1999, the last date on which companies were required to attain parity between interstate and intrastate access rates. Verizon Maine and the ITCs are required to again adjust their intrastate access rates to equal their interstate access rates on May 30, 2001, and it is anticipated that significant reductions will occur at that time, or shortly thereafter. Therefore, we expect that customers will see additional reductions in both interstate and intrastate toll rates during 2001. The Commission will continue to monitor toll rates to ensure that carriers pass access rate reductions through to customers.

Number Conservation Measures

Over the past year, there have been several significant developments at both the state and national level relating to numbering issues. First, in June of this year, the Commission implemented thousand block number pooling in Verizon-Maine's service territory. Number pooling provides for a more efficient allocation of numbers by requiring that blocks of 1,000 numbers be given to carriers, rather than blocks of 10,000. Maine was the fifth state in the country to implement this new approach to number administration. The Commission has also adopted numerous other conservation measures which, when combined with number pooling, should delay the need for a second area code in Maine for many years. Indeed, based upon some preliminary calculations by staff, we believe that our conservation efforts have resulted in extending the life of the 207 area code for at least 10-15 years. Given that only two years ago, the North American Numbering Plan Administrator told us that a new area code would be needed by June of 2000, we believe our efforts have been effective and will continue to benefit Maine consumers.

The Commission has also continued to be active at the national level on numbering issues. Our staff has led state efforts to implement federal regulations supporting state number conservation efforts. We have participated in the Federal Communications Commission's rulemaking on numbering issues as well as on issues before the North American Numbering Council. Our experience in Maine has allowed us to influence national policy by showing that state-adopted conservation measures work.

The Commission will continue to advocate for additional state authority over numbering issues at the FCC by participating in further rulemakings and by coordinating our own efforts with other state commissions. We believe that consumers, especially Maine consumers, should not be unnecessarily burdened by the costs and inconveniences

Telecommunications

associated with new area codes when implementation of effective conservation measures avoids the need for a new area code in the first place.

ITC Rate Cases

The Commission currently has rate cases in progress for nine independent phone companies. These cases will be completed by May 30, 2001, and the results will be implemented simultaneously with the next scheduled round of access rate reductions. The Commission will first decide on the overall revenue requirement for each company, and then it will design rates to attain that revenue. In reaching its decision, the Commission will consider the effects of the required access rate reductions, as well as all issues that are normally considered in rate case proceedings. Some increase to basic local rates may be required to offset the revenue reductions caused by the reductions in access rates. If the need for additional revenue by any of the companies would cause basic local rates to exceed a level that the Commission finds is reasonable and affordable, the Commission is prepared to implement a state universal service fund (USF), as permitted by 35-A M.R.S.A. § 7104 (3), or take other measures that will allow basic local rates to remain reasonable and affordable. In addition to the cases currently in progress, several other ITCs will be filing rate cases at various times throughout this year, pursuant to stipulations that were previously approved by the Commission.

Verizon AFOR

The AFOR under which Verizon Maine is operating was scheduled to expire on December 1, 2000, but the Commission extended it until May 29, 2001, to allow time for the further development of the record in the new AFOR proceeding. Thus, the new AFOR will likely become effective at the same time as Verizon is required to reduce its intrastate access rates to the level of its interstate rates. The Commission's goals in this case are to establish an AFOR that will be conducive to the development of competition, allow Verizon the flexibility to act in a competitive manner, and simultaneously maintain necessary protections for ratepayers who have not yet reaped the benefits of competition.

Competition

The Commission has approved over 300 companies to provide in-state toll service and over 50 companies to compete in the local exchange market. While competition has been fairly vigorous in the toll market, it is just beginning in the local exchange arena. The Telecommunications Act of 1996 opened the local exchange market to competition, but Maine is typical of the smaller, less densely populated states that have seen most local competition confined to the business market. The Commission is committed to taking all practicable steps to see that barriers to competition are removed, so that competition will grow where it is economically feasible.

Telecommunications

PUC Enforcement of FCC Slamming Rules

The Maine Public Utilities Commission "opted-in" to the FCC's strengthened slamming rule on November 28, 2000 and began resolving interstate slamming complaints. Under the revised federal rule, the FCC delegated authority for resolving interstate slamming complaints to states that agreed to accept such authorization by "opting-in" to the revised rule. "Slamming" is the unauthorized change of a consumer's preferred telephone carrier and has been the single largest source of complaints to the FCC over the last several years. The new rules allow the Maine Commission to be the first contact for resolving all slamming complaints from Maine consumers, even those that may involve interstate jurisdiction.

Under the revised rules, state commissions that "opt-in" are the primary agencies for administering the FCC's slamming liability rules and resolving consumers' slamming complaints. For states that did not opt-in, the FCC will continue to resolve interstate slamming complaints filed by consumers. As of November 30, 2000, 31 states had formally opted-in.

The strengthened slamming liability rules increase the penalties for slamming and increase the incentives for authorized carriers to pursue slammers. The rules also ensure that, if the Commission finds that a slam occurred, consumers will receive compensation. Where a consumer has not paid the unauthorized carrier, the consumer will be absolved of the obligation to pay for service for up to 30 days after a slam. Where a consumer has paid the unauthorized carrier, the rules require the unauthorized carrier to pay 150% of the charges it received from the consumer to the authorized carrier, which must, in turn, reimburse the consumer 50% of the charges paid by the consumer.

Basic Service Calling Area (BSCA) Rulemaking



The Commission has begun an inquiry into the operation of the BSCA Rule (Chapter 204), because some customers are dissatisfied with their present local calling areas, and the current rule may not adequately address certain situations where an expanded calling area might be justified or necessary. The Commission has received comments from various interested persons and is in the process of evaluating those comments to determine how to proceed. If the Commission decides to propose modifications to the present BSCA Rule, it will likely target any rule changes to those portions of the rule that appear to unfairly restrict the calling areas of certain customers because of the unique circumstances in their present exchange.

Telecommunications Education Access Fund (TEAF)

The Commission has decided that a TEAF will be established beginning on July 1, 2001, as permitted under statute. The Commission also decided that any remaining balance in the current School and Library Fund be transferred to the new TEAF. The Commission will decide shortly the actual level of contributions to the TEAF, and the Commission will thereafter consider recommendations for specific disbursements from the fund.

Water

HIGHLIGHTS

-  Commission allowed rate changes for three investor-owned water utilities, three municipal water departments, and 13 water districts.
-  Commission continues to work with regulated water utilities to define the best approach to regulating these utilities.

During 2000, the Commission continued to offer staff-assisted rate cases for small water utilities lacking the expertise or funds to prepare a rate case. While several water utilities were provided with assistance, the assistance requests this year were for guidance rather than staff preparation of the documents for filing. The staff continued to assist employees of the Maine Rural Water Association working with small water utilities on rates, revenue requirement, main extension and service line issues. Commission Staff also provide assistance to utilities, representatives of municipal governments, customers, and the general public in response to telephone inquiries.

Commission staff maintains contact with staff of the Department of Defense, Veterans, and Emergency Management to advise the Department of water supply emergencies and water shortages. Because we are seeing water supply shortages/emergencies, the Commission staff is drafting a new rule to enable water utilities to impose mandatory water use restrictions. The proposed rulemaking should be completed in 2001.

Commission staff attended meetings and reviewed draft documents of the Department of Human Services, Division of Health Engineering work group charged with developing the "Capacity Development" criteria required by the U.S. Environmental Protection Agency's rules. It is anticipated that some of the required information will be available from reports the utilities must file with the Commission. We will continue to work with DHS to ensure that duplication of filings is minimized.

Commission staff also attended meetings of the "Sustainable Water Withdrawal Policy Work Group" of the Land and Water Resources Council and a group that is assisting in the development of an MDOT Utility Accommodation Manual. Both of these are ongoing efforts and staff will continue to participate.

Finally, the Commission continues to work with the water utility industry in determining the regulatory approach most appropriate for the industry. While many of the larger utilities prefer a "local control" model, some smaller utilities are concerned about the loss of Commission oversight. This issue will again be brought to the 120th Legislature by the industry.

Water

MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES

RATE CASES FILED PURSUANT TO §6104 THAT WERE INVESTIGATED AS A RESULT OF CUSTOMER PETITIONS OR PROCEDURAL ERRORS

FILED OR COMPLETED IN 2000

Docket No.	Utility Name	Date Filed	Utility Proposed Revenue	Commission Allowed Revenues	Allowed Increase	%Increase Allowed	Effective Date
2000-536	Wiscasset Water District***	8/14/00	\$256,763	\$256,763	\$(14,591)	-5.38%	10/01/00

***FAILED DUE TO PROCEDURAL ERRORS BY DISTRICT

MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES
RATE CASES PURSUANT TO SECTION 6104
COMPLETED IN 2000

Docket No.	Utility Name	Utility Proposed Revenue	Increase Over Prior Year	% Increase Over Prior Year	Effective Date
=	=	=	=	=	=
99-779	BETHEL WATER DISTRICT	\$225,115	\$44,216	24.44%	04/01/00
99-875	PASSAMAQUODDY WATER DISTRICT	\$631,205	\$99,247	18.66%	03/01/00
00-049	MT. BLUE STANDARD WATER DISTRICT	\$111,335	\$52,878	90.46%	4/9 & 10/1/00
00-138	LIMESTONE WATER & SEWER DISTRICT	\$211,660	\$78,638	59.12%	05/03/00
00-559	BOOTHBAY HARBOR WATER SYSTEM	\$1,305,068	\$186,145	16.64%	04/01/01
00-668	EAST BOOTHBAY WATER DISTRICT	\$216,162	\$38,524	21.69%	01/01/01
00-724	EUSTIS WATER DEPARTMENT	\$107,390	\$53,182	98.11%	01/01/01
00-828	RUMFORD WATER DISTRICT	\$867,673	\$169,651	24.30%	01/01/01
00-832	BRIDGTON WATER DISTRICT	\$378,000	\$78,219	26.09%	01/01/01
00-851	LINCOLN WATER DISTRICT	\$460,227	\$88,281	23.73%	07/01/01
00-871	FORT FAIRFIELD UTILITIES DISTRICT	\$343,314	\$85,988	33.42%	01/01/01
00-879	PORT CLYDE WATER DISTRICT	\$46,219	\$13,107	39.58%	01/01/01

Water

INVESTOR OWNED WATER UTILITIES AND WATER DISTRICT
RATE CASES PURSUANT TO SECTION 307
COMPLETED IN 2000

Docket No.	Utility Name	Date Filed	Utility Proposed Revenue	Commission Allowed Revenue	Allowed Increase	% increase Allowed	Effective Date	Test Year Return*	Utility Requested Return	Commission Allowed Return
2000-234	ANDOVER WATER DISTRICT	03/09/00	\$88,657	\$83,470.00	\$26,098.00	45.71%	07/01/00	N/A	N/A	N/A
2000-096	CONSUMERS ME. WATER CO. – MILLINOCKET	02/04/00	\$1,262,850	\$1,223,680.00	\$50,593.00	4.31%	09/19/00	8.76%	10.14%	9.640%
2000-175	CONSUMERS ME. WATER CO. - CAMDEN/ROCKLAND	02/29/00	\$3,958,535	\$3,836,611.00	\$97,814.00	2.62%	09/19/00	9.17%	10.14%	9.640%
2000-553	ELLSWORTH WATER DEPARTMENT	06/27/00	\$822,654	\$822,654.00	(\$3,856.00)	-0.40%	07/17/00	N/A	N/A	N/A
2000-306	PORTLAND WATER DISTRICT	03/31/00	\$17,273,290	\$17,273,290.00	(\$386,780.00)	-2.19%	05/01/00	N/A	N/A	N/A
2000-860	FRYEBURG WATER COMPANY	10/16/00	\$282,988	\$282,988.00	\$47,599.00	20.22%	01/01/01	6.96%	9.06%	9.060%

* Calculated by dividing utility test year after-tax income by test year rate base

Summary of Laws

Summaries of Relevant New Laws Enacted in the 2nd Regular Session of the 119th Legislature

I. ELECTRIC

- Ch. 779
(LD 2084) Reduces mercury release into the environment by requiring information disclosure, requiring mercury be recycled, setting timetables and terms for specific products, and establishing a committee to advise and monitor.
- Ch. 579
(LD 2288) Eliminates “Public Heating Utilities” from the definition of Public Utility for purposes of regulation.
- Ch. 578
(LD 2289) Allows T&D utilities to secure electricity for 40 customers who are not connected to the grid.
- RESOLVE
Ch. 107
(LD 2397) Requires MPUC to examine policy and implementation issues related to distributed generation and report to Committee by 10/2001.
- Ch. 601
(LD 2403) Removes date by which competitive electric billing and metering must be implemented. Gives MPUC discretion as to terms and timing.
- Ch. 577
(LD 2428) Makes Chapters 301 and 307 routine technical rules.
- Ch. 735
(LD 2446) Encourages energy efficiency in government facilities by authorizing a pilot program for 10 facilities, run by Dept. of Administration and Financial Services. Program will use performance based contracting to reduce consumption by 25% by 2010. Dept will do a Rule establishing procedures and policy.
- Ch. 739
(LD 2496) Sets terms by which state officials monitor and regulate some aspects of nuclear plant decommissioning, waste transfer, and site cleanup.
- Ch. 657
(LD 2508) Cleans up non-35-A language for consistency with restructuring. Lowers small-consumer protection applicability breakpoint from 100 kW to utility’s small commercial breakpoint.
- Ch. 755
(LD 2551) Establishes a tax credit to sawmills for wood residue transported to biomass generators and certain others, as recommended by Committee on Sawmill Biomass.
- Ch. 585
(LD 2587) Extends Advisory Commission on Radioactive Waste and Decommissioning until 2006. Revisits its funding based on Maine Yankee activities.
- Ch. 757
(LD 2669) Eliminates sales tax on purchase of electricity used for commercial agricultural, fishing, or aquaculture.

Summary of Laws

Ch. 730 (LD 2680) Sets methods by which the MPUC will set the electricity purchase rate under two contracts (Sappi and UAH).

Ch. 741 (LD 2688) Determines if material is “low-level radioactive waste” when carrying out decommissioning clean-up.

II. NATURAL GAS

Ch. 664 (LD 2140) Allows (but does not require) the Commission to approve reduced rates or payment plans for residential low-income natural gas customers.

Ch. 605 (LD 2294) Grants identical eminent domain authority to natural gas pipeline utilities and gas utilities, requires MPUC approval for takings, and sets limits on types of takings.

III. TELEPHONE OR E-911

Ch. 651 (LD 2389) Reauthorized a 32¢ surcharge on telephone bills to support E-911 implementation allows fund to be used to reimburse LECs for their E-911 costs, requires the MPUC to approve LECs’ expenditures, sets requirements for public’s use of “911.”

Ch. 686 (LD 2436) Allows the Attorney General to request records of internet service providers and mobile telecommunications (cellular) service providers.

RESOLVE
Ch. 110 (LD 2624) Requires the Emergency Services Communication Bureau to monitor and adjust E-911 implementation and improve communication with communities.

IV. WATER

P&SL
Ch. 63 (LD 1464) Amends the no trespassing zone around the water intake pipes of the Portland Water District.

P&SL
Ch. 71 (LD 2317) Increases the authorized indebtedness of the Veazie Sewer District.

P&SL
Ch. 66 (LD 2335) Revises the charter of the Madawaska Water District.

P&SL
Ch. 75 (LD 2525) Amends the charter of the Small Point Water Co.

Summary of Laws

P&SL Ch. 76 (LD 2529)	Amends the charter of the Moscow Water District.
P&SL Ch. 73 (LD 2566)	Repeals the Fort Kent Utility District.
P&SL Ch. 77 (LD 2586)	Creates the Alfred Water District.
P&SL Ch. 74 (LD 2592)	Amends the Charter of the Kennebunk Sewer District.
Ch. 761 (LD 2597)	Sets terms for Dept of Human Services involvement in construction or alteration of public water systems. Requires notification of public drinking water supplier before certain building activities occur in the area.
P&SL Ch. 80 (LD 2620)	Amends the Farmington Falls Standard Water District.
Ch. 688 (LD 2654)	Changes the composition of the Board of Licensure of Water Treatment Plant Operators and revises their operations slightly.
P&SL Ch. 86 (LD 2689)	Allows the St. Agatha Sanitary District to combine with the town of St. Agatha.

V. MULTIPLE UTILITIES

RESOLVE Ch. 132 (LD 2343)	Establishes a task force to study the problems facing low-income households in heating their homes.
Ch. 718 (LD 2427)	Gives MPUC enforcement authority for Dig Safe underground facilities safety program. Revises various terms to improve safety. Sets terms for forest industry operations.
Ch. 773 (LD 2442)	Prohibits buying controlling assets of a solid waste hauling company without notifying the Attorney General. Establishes a task force to study market power in the solid waste hauling and disposal industry.
Ch. 596 (LD 2482)	Requires utilities, upon request, to place facilities at rear of buildings or underground, in historic districts, at the expense of the municipality.

Summary of Laws

- Ch. 762
(LD 2557) Sets terms under which electronic contracts, signatures, etc may satisfy laws referring to contracts, signatures, etc. Defines "electronic signature."
Continues Blue Ribbon Internet Committee and requires report on 11/2000.
- Ch. 694
(LD 2591) Prohibits out-of-state telemarketers from picking up payment before delivering, requires a do-not-call procedure, and requires they comply with existing consumer protection law governing such things as signature and contract requirements and consumer avoidance of the sale.
- Ch. 758
(LD 2668) Requires State Planning Office to report annually on availability of petroleum.
Requires Me State Housing Authority to notify legislative entities of funds needed to help residents receive adequate fuel assistance, when oil prices increase by certain percentages.

VI. ADMINISTRATION & MISCELLANEOUS

- Ch. 566
(LD 533) Establishes a committee to hear and resolve complaints about State Government practices that constitute unfair competition with private enterprise.
- P&SL
Ch. 85
(LD 2196) Forms a Central Maine Regional Public Safety Communication Center to provide emergency communication services to certain public safety agencies.
- Ch. 561
(LD 2380) Extends to 2001 the deadline for the Commission on Performance Budgeting to recommend the best way to annually validate performance budget objectives.
- Ch. 602
(LD 2473) Sets terms for MPUC to assign advocate staff in adjudicatory proceedings.
- Ch. 584
(LD 2554) Requires MPUC to report its efforts to participate in regional activities and to consider rural interests, in its Government Evaluation Act Review.
- Ch. 661
(LD 2640) Requires agencies to report activities coordinated with other agencies and federal regulations similar to state regulations, during their Program Evaluation Report.

Summary Of Commission Rulemakings For 2000

Chapter 285, Maine Telecommunications Education Access Fund

This new rule describes the process for telecommunications carriers to contribute to the Maine Telecommunications Education Access Fund, the services eligible for discounts from the Fund, and the application process for discounts.

Chapter 297, Anti-Cramming Rule: Registration Requirements, Complaint Procedures And Penalty Provisions For Service Providers And Billing Aggregators

This new rule prohibits telephone utilities from placing charges for services on a customer's bill without first receiving the customer's authorization. The rule also establishes a registration process for billing aggregators and service providers and establishes penalty procedures for violations.

Chapter 301, Standard Offer Service

This rule establishes terms and conditions for standard offer service for electric generation, and establishes a methodology for selecting standard offer providers. In August 2000, the Commission amended certain provisions based on its experience in implementing the rule and conducting the standard offer bid process in 1999. In November 2000, the Commission conducted an emergency rulemaking to reinstate the original opt-out fee provision in the rule that requires medium or large customers who begin taking standard offer service after taking service from a competitive provider to either continue standard offer service for 12 months or pay an opt-out fee.

Chapter 305, Licensing Requirements, Annual Reporting, Enforcement and Consumer Protection Provisions for Competitive Provision of Electricity

This rule establishes licensing requirements for competitive electricity providers. The Commission amended the rule to make certain consumer protections in the rule applicable to residential and small commercial customers as required by P.L. 1999, ch. 657, § 28.

Chapter 306, Uniform Information Disclosure And Informational Filing Requirements

This rule contains requirements for competitive electricity providers to disclose price, contract, resource mix, and emissions information to customers in a uniform format. The Commission amended the rule to make certain consumer protections in the rule applicable to residential and small commercial customers as required by P.L. 1999, ch. 657, § 18.

Summary Of Commission Rulemakings For 2000

Chapter 312, Voluntary Renewable Resource Research And Development Fund

This rule establishes a program allowing retail consumers of electricity to make voluntary contributions to fund renewable resource research and development. The Commission amended the rule to make it consistent with recent statutory changes that specify that the State Planning Office is responsible for administering the program and to make other minor changes.

Chapter 510, Authorization And Operation Of Ferries In Casco Bay

This rule governs authorization and operation of ferries in Casco Bay pursuant to Chapter 51 of Title 35-A and was amended to make the rule consistent with statutory changes in 35-A M.R.S.A. §§ 5101 – 5101-C.

Chapter 520, Tour, Charter And Water Taxi Services And Unscheduled Freight Services In Casco Bay

This rule establishes provisions governing Unscheduled Freight Service in accordance with 35-A M.R.S.A. § 5101-D and Tour, Charter and Water Taxi Services in accordance with 35-A M.R.S.A. § 5101-E and was amended to provide more flexibility for providers of charter and water taxi service while maintaining distinctions between these services and ferry service to Casco Bay Islands.

Chapter 560, Publication And Posting Requirements For Rate Changes Filed By The Casco Bay Island Transit District

This rule establishes the public notice requirement for rate changes filed by the Casco Bay Island Transit District and was amended to clarify the method for notification.

Chapter 81, Residential Utility Service Standards For Credit And Collection Programs

This rule establishes the minimum standards of fairness in credit and collection programs for residential utility service and was amended to prohibit certain telecommunications carriers from disconnecting Lifeline customers' local service for non-payment of toll charges.

Chapter 895, - Underground Facility Damage Prevention Requirements

This new rule describes the responsibilities of excavators, underground facility operators, the damage prevention system (Dig Safe System, Inc.), and the Public Utilities Commission in implementing Maine's underground facility damage prevention statute. The rule establishes notification, marking, and reporting procedures, defines violations and penalties, and describes the process by which the Public Utilities Commission will enforce the program and monitor its success.

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 and Energy on its planned expenditures for the year and on its use of funds in the previous year. This section of the report fulfills this statutory requirement and provides additional information regarding the Commission's budget.

The Commission had two principal sources of funding in FY2000, a Regulatory Fund of \$4,918,000 as authorized by 35-M.R.S.A. §116, and a balance forward of \$1,380,887 pursuant to Resolve 1999, CH19 which allows any accumulated unencumbered balance from FY1999 and FY 2000 be used during FY2000 and FY2001. Unspent money from FY2001 will be returned to ratepayers in the form of a reduced assessment of utility revenues.

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

The Commission was authorized 63.5 full-time positions in FY2000.

1. A. Fiscal Year 2000

In FY2000, the Commission spent approximately \$4.75 million, regulating 191 utilities with gross revenues exceeding \$1.84 billion. Attachment 1 summarizes Regulatory Fund activity and activity in other funds administered by the Commission. Attachment 2 details FY2000 expenditures by line item.

B. Regulatory Fund

The authorized Regulatory Fund assessment for FY2000 was \$4,918,000. In addition to the assessment, an unencumbered balance of \$939,755 and encumbrances of \$404,249 were brought forward from FY1999. The Commission spent \$4,752,933. Expenditure details are presented in Attachment 2. An encumbered balance of \$125,797 and an unencumbered balance of \$1,380,887 were brought forward to FY2001. The encumbered balances generally represent ongoing contracts for consulting services.

C. Filing Fees

In FY2000 the Commission received \$2,600 in filing fees and spent \$0.

D. Miscellaneous Reimbursements

Miscellaneous reimbursements consist of funds received for copies of documents such as monthly dockets, agenda and decisions and for other

Fiscal Information

miscellaneous items. \$3 was brought forward from FY1999. An additional \$8,941 was received during FY2000. \$6,874 was expended and an unencumbered balance of \$2,070. was brought forward to be expended during FY2001. In FY2000, no fines were collected by the Commission.

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

This fund authorizes that a total of \$1.6 million dollars be collected from Electric Utilities and used to educate Maine's consumers as to choices they may make in selecting electricity providers beginning March 1, 2000. The fund is allocated as follows: \$200,000 for FY1998, \$600,000 for FY1999, \$600,000 for FY2000 and a final \$200,000 for FY2001. Pursuant to State Bureau of Purchases rules, a Request for Proposal process selected N.L. Partners of Portland, Maine, to carry out the Consumer Education Program under the direction of the Commission with assistance and input from the Public Advisory Panel. Expenditures are shown on Attachment 2.

- F. During FY2000 the Commission received a grant of \$36,400 from the Office of Pipeline Safety, US Department of Transportation to fund Dig Safe Rulemaking and Enforcement. \$1,106 was spent during FY2000.

2. Fiscal Year 2001

Attachment 3 details the Commission's FY2001 Regulatory Fund budget. Encumbered and unencumbered balances brought forward from FY2000 are included. The right hand column represents the total funds available to the Commission in FY2001 by account and line category.

3. The Budget in Perspective

Attachment 2 details the Commission's budget for a 4-year period. The left hand column includes amounts actually expended in FY2000. Column 2 contains the FY2001 expenditure plan. Column 3 & 4 contains the FY2002 and FY2003 proposed Budget.

4. The Regulatory Fund Assessment in Perspective

Attachment 4 details the Regulatory Fund assessments since FY80. Annual Reports filed by the utilities with the Commission include revenues for the previous year ending December 31. Calculations are made to determine what percentage of

Fiscal Information

the revenues reported by Transmission & Distribution companies will produce \$3,370,000 as authorized by statute. Calculations are also made to determine what percentage of the revenues reported by other utilities will produce \$1,548,000. The factors derived that will raise the authorized amounts are 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 FY2000 no management audits were ordered by the Commission

Fiscal Information

Attachment 1

PUC FUND ACTIVITY BY ACCOUNT FOR FY 2000

ACCOUNT NAME	AMOUNT
<u>PUC REGULATORY FUND</u>	
UNENCUMBERED BALANCE BROUGHT FORWARD FROM FY 1999	939,755
ENCUMBERED BALANCE BROUGHT FORWARD FROM FY 1999	404,249
FUNDS RECEIVED DURING FY 2000	4,915,613
LESS EXPENDED DURING FY 2000	(4,752,933)
ENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	(125,797)
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	1,380,887
<u>REIMBURSEMENT FUND</u>	
FILING FEES	
UNENCUMBERED BALANCE BROUGHT FORWARD FROM FY 1999	1,992
ENCUMBERANCES BROUGHT FORWARD FROM FY 1999	0
FUNDS RECEIVED DURING FY 2000	2,600
LESS EXPENDED DURING FY 2000	0
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	4,592
MISC. REIMBURSEMENTS	
UNENCUMBERED BALANCE BROUGHT FORWARD FROM FY 1999	3
FUNDS RECEIVED DURING FY 2000	8,941
LESS EXPENDED DURING FY 2000	(6,874)
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	2,070
<u>PUC CONSUMER EDUCATION FUND</u>	
BALANCE FORWARD FROM FY 1999	561,705
FUNDS RECEIVED DURING FY 2000	599,287
LESS EXPENDED DURING FY 2000	(883,562)
ENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	275,310
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	2,120
<u>PUC DIG SAFE GRANT</u>	
DIG SAFE GRANT - FUNDS RECEIVED DURING FY 2000	36,400
LESS EXPENDED DURING FY 2000	1,106
UNENCUMBERED BALANCE BROUGHT FORWARD TO FY 2001	35,294

Fiscal Information

PUC BUDGET IN PERSPECTIVE

	FY2000 ACTUAL EXPENDITURES	FY2001 APPROVED BUDGET	FY2002 BUDGET REQUEST	FY2003 BUDGET REQUEST
REGULATORY FUND				
-				
POSITIONS	(64)	(64)	(63)	(63)
PERSONAL SERVICES	3,701,440	4,375,184	4,450,296	4,697,670
CONSULTANTS	207,595	580,797 #1	25,000	25,000
ALL OTHER	660,014	587,816 #2	760,458	782,260
CAPITAL	183,884	6,900 #3	0	0
TOTAL	4,752,933	5,550,697	5,235,754	5,504,930
RESOURCES				
ASSESSMENT AUTHORITY	4,918,000	4,918,000	4,918,000	4,918,000
UNENCUMBERED BALANCE FORWARD		500,000 #1,2	317,754 #6	596,930 #6
ENCUMBERED BALANCES FORWARD		132,697 #1,3		
REGULATORY FUND RESOURCES		5,550,697	5,235,754	5,514,930
REIMBURSEMENT FUND				
FILING FEES	0	50,000	50,000	50,000
MISC. REIMBURSEMENT	6,874	15,000	15,000	15,000
PUC CONSUMER EDUCATION FUND				
ALL OTHER	883,562	475,310 #4	0	0
DIG SAFE GRANT	1,106	35,294 #5	0	0
TOTAL	5,644,475	6,126,301	5,300,754	5,569,930

#1 Encumbered Balance of \$125,797 and unencumbered balance forward from FY2000 of \$455,000; pursuant to Resolve 1999, ch. 19, all balance forward is made available to FY2000 and FY2001.

#2 \$45,000 unencumbered is brought forward from FY2000 to supplement travel & training budget.

#3 Capital equipment encumbrance of \$6,900 is brought forward from FY2000.

#4 Encumbered Balance of \$275,310 brought forward from FY2000.

#5 Dig Safe grant of \$36,400 received during FY2000 will be used up during FY2001.

#6 Unencumbered Balance of \$914,684 issued to supplement authorized revenue.

Fiscal Information

Attachment 3

FY 2001 BUDGET & ADJUSTMENTS

	BUDGET	ADJUSTMENT	ADJUSTED BUDGET
REGULATORY FUND			
POSITIONS	(64)	(0)	(64)
PERSONAL SERVICES	4,375,184	0	4,375,184
CONSULTING	0	580,797 *1	580,797
ALL OTHER	542,816	45,000 *2	587,816
CAPITAL	0	6,900 *3	6,900
TOTAL	4,918,000	632,697	5,550,697
REIMBURSEMENT FUND			
FILING FEES	50,000	0	50,000
MISC. REIMBURSEMENT	15,000	0	15,000
PUC CONSUMER EDUCATION FUND			
	200,000	275,310 *4	475,310
DIG SAFE GRANT			
	0	35,294 *5	35,294
GRAND TOTAL	5,183,000	943,301	6,126,301

*1 Includes Encumbered Bal. fwd of \$125,797; unencumbered bal. fwd. of \$455,000 from FY2000.

*2 Encumbered balance forward of 45,000.

*3 Encumbered balance forward of \$6,900.

*4 Encumbered balance forward of \$275,310

*5 Unencumbered balance forward of \$35,294

Fiscal Information

Year	Electric Revenues	Telecom Revenues	Water Revenues	Gas Revenues	Water Carriers Revenues	Total Utilities Revenues	Factor	Amount Billed	Amount Authorized
FY80	186,278,293	139,683,694	24,086,603	6,749,736		356,798,326	0.0210%	74,816	75,000
	206,762,413	153,652,974	25,465,331	7,374,962		393,255,680	0.0381%	149,830	150,000
FY82	216,243,682	165,108,544	28,421,070	8,932,172		418,705,468	0.1074%	449,779	450,000
	462,967,673	182,850,133	32,220,884	14,428,444	803,933	693,271,067	0.1875%	1,299,996	1,300,000
FY84	508,838,895	194,922,674	36,803,237	19,309,123	959,425	760,833,354	0.1919%	1,459,983	1,460,000
	546,977,166	210,502,523	40,372,798	21,206,118	984,106	820,042,711	0.1944%	1,593,904	1,594,000
FY86	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	0.2368%	2,143,913	2,144,000
	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	0.2392%	2,328,989	2,329,000
FY88	645,757,051	275,047,659	45,215,835	17,911,730	936,922	984,869,197	0.2253%	2,219,000	2,219,000
	721,684,049	286,419,434	48,176,192	17,744,522	1,035,357	1,075,059,554	0.2219%	2,386,000	2,386,000
FY90	783,537,776	312,154,685	50,659,705	18,555,805	1,214,007	1,166,121,978	0.2266%	2,642,845	2,696,000
	837,377,145	349,185,418	52,855,076	21,928,319	1,536,596	1,262,882,554	0.2562%	3,235,117	3,378,000
FY91	927,601,155	358,682,900	58,784,656	26,182,164	1,537,296	1,372,788,171	0.3103%	4,259,985	4,473,000
	1,052,609,125	343,341,527	64,223,522	24,997,942	1,569,023	1,486,741,139	0.2848%	4,233,807	4,918,000
FY93	1,064,245,073	354,876,542	68,315,387	28,108,038	1,919,595	1,517,464,635	0.2806%	4,257,758	4,918,000
	1,097,614,456	371,037,052	74,793,749	30,505,910	1,284,905	1,575,236,072	0.2914%	4,590,198	4,918,000
FY95	1,093,553,536	384,936,867	81,529,938	32,091,988	1,697,223	1,593,809,552	0.3086%	4,918,000	4,918,000
	1,118,124,742	392,623,445	87,230,402	31,365,288	1,924,520	1,631,268,397	0.2622%	4,276,900	4,918,000
FY97	1,131,080,875	410,824,795	87,549,280	36,068,309	2,098,648	1,667,621,907	0.2568%	4,283,000	4,918,000
	1,153,567,578	415,265,192	91,340,130	42,553,204	2,187,844	1,704,913,948	0.3257%	5,553,000	5,553,000
	1,153,567,578					1,153,567,578	0.0693%	800,000	800,000
FY99	1,144,803,899	456,312,932	92,952,562	35,354,982	2,259,826	1,731,684,201	0.2838%	4,918,000	4,918,000
	1,144,803,899						0.0524%	600,000	600,000
FY01	1,181,804,581						0.28516%	3,370,000	3,370,000#
		521,331,046	95,682,346	36,311,777	3,123,023		0.23581%	1,548,000	1,548,000#
	1,181,804,581					1,838,252,773	0.16923%	200,000	200,000

#PL 1999 C. 398 provides for assessing \$3,370,000 against Transmission & Distribution Revenues and \$1,548,000 assessed against the remaining utilities.

International Visitors

During 2000, the Maine Commission met with a number of delegations from developing countries. These countries are beginning to implement market-based approaches to the provision of electric and natural gas utility services and want to learn about deregulatory experiences in the United States. Delegations from the national regulatory agencies of Armenia, Ghana, India, Kyrgyzstan, and Romania requested meetings with the Commission to learn about our approach to utility deregulation. We hosted at least one meeting with delegations from each of these countries except Kyrgyzstan, which canceled its scheduled visit due to a change in leadership.

The United States Agency for International Development (USAID) through the United States Energy Association (USEA) is funding a regulatory partnership between the Maine Commission and the Romanian Electricity and Heat Regulatory Authority (ANRE). During 2000 we hosted two meetings with delegations from ANRE and ANRE hosted a delegation from the Maine Commission. The World Bank is funding a regulatory partnership between the Ghanaian Energy Commission (GEC) and the Maine Commission. During 2000 we hosted a visit from the GEC and they hosted a visit from our Commission to lay the foundation for a productive partnership.

We believe that our efforts will serve a dual purpose, i.e., to provide assistance to developing nations with utility regulation, and to provide an opportunity to promote a positive relationship between Maine and these countries that may provide opportunities for the development of trading opportunities for Maine products.



Flag of Romania



Flag of Armenia



Flag of Ghana



Flag of Kyrgyzstan



Flag of India

Past Commissioners



1915 - 2000

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

Maine Public Utilities Commission Staff

Abbott, Jean - TA Division Secretary	7-1364	Niles, Mary - CAD Specialist	7-3831
Austin, Thomas - Utility Analyst	7-5901	Nugent, William - Commissioner	7-3831
Ballou, Peter - Dep General Counsel	7-1388	Paul, Jennifer - Sr Adm. Secretary	7-1360
Bergeron, Denis - Sr. Utility Analyst	7-1366	Peaslee, Laurel - Sr. Legal Secretary	7-1386
Bero, Betty - Sr. CAD Specialist	7-3831	Pepper, Jenn - Librarian II	7-1560
Berube, Cheryl - Clerk III	7-1352	Plante, Lorry - Legal Secretary	7-1566
Bragdon, Trina - Staff Attorney	7-1392	Poetzsch, Kathy - CAD Secretary	7-8328
Broad, Mary - Clerk of the Commission	7-1396	Robichaud, Ray - Assist Admin Director	7-1357
Buckley, James - Special Counsel/ER	7-1387	Seaman, Valerie - Legal Secretary	7-6078
Carver, David - Utility Analyst	7-1380	Shifman, Joel - Sr. Utility Analyst	7-1381
Cohen, Chuck - Sr. Staff Attorney	7-1394	Smith, Lucretia - Utility Analyst	7-1383
Cowie, Doug - Sr. Utility Analyst	7-1369	Soldano, Rick - CAD Specialist	7-1595
Cyr, Paula - Clerk III	7-6074	Solmitz, Ann - Computer System Mgr	7-8519
Davidson, Derek - Director CAD	7-1596	Spelke, Amy - Utility Analyst	7-5945
Deforge, Dan - Info Sys Support Spec	7-2999	Steneck, Joanne - General Counsel	7-1390
Diamond, Stephen - Commissioner	7-3831	Stratton, Mary - CAD Specialist	7-3831
Dunn, Steve - Sr CAD Specialist	7-3831	Sukaskas, Joe - Utility Analyst	7-1375
Farmer, Gary - Gas Pipeline Specialist	7-1385	Sutton, Robert - Accountant II	7-1358
Fink, Lisa - Staff Attorney	7-1389	Tannenbaum, Mitch - Sr Staff Attorney	7-1391
French, Tammy - Sr. Legal Secretary	7-6075	Thayer, Matt - Dir of Consumer Ed	7-1594
Haefele, Julie - CAD Specialist	7-3831	Thornton, Sandra - CAD Specialist	7-3831
Hammond, Ray - Utility Analyst	7-1368	Tibbetts, Marilyn - Finance Div Secretary	7-1376
Hanson, Belinda - ISS Technician	7-1356	Welch, Thomas - Chairman	7-3831
Huntington, Faith - Acting Director TA	7-1373		
INFORMATION RESOURCE CENTER	7-1560		
James, Mary - Assist CAD Director	7-3831		
Kaler, Maralee - Hearings Reporter	7-1355		
Kania, Rich - Acting Director Finance	7-1379		
Kennedy, Linda - CAD Supervisor	7-3831		
Keschl, Dennis - Administrative Director	7-1353	FAX	7-1039
Kivela, Richard - Utility Analyst	7-1562	Relay for Deaf	1-800-457-1220
Leonard, Norman - Utility Analyst	7-1371	CAD Hotline	1-800-452-4699
Lindley, Phil - Utility Analyst	7-1598		
MacLennan, Carol - Staff Attorney	7-1393		
McLaughlin, Marjorie - Utility Analyst	7-1365		
Monroe, Angela - Utility Analyst	7-1397		
Nason, Sarah - Sr Legal Secretary	7-1384		

FAX 7-1039
Relay for Deaf 1-800-457-1220
CAD Hotline 1-800-452-4699

**For all staff phone lines Prefix 7 = 287
The area code for Maine is (207)**

Website

<http://janus.state.me.us/mpuc/homepage.htm>

Acronyms

AFOR	Alternative Form of Regulation	NEB	Canadian National Energy Board
BHE	Bangor Hydro Electric Company	NEPOOL	New England Power Pool
CAD	Consumer Assistance Division	NOI	Notice of Inquiry
CAP	Community Action Program	NU	Northern Utilities
CMP	Central Maine Power Company	OGIS	Maine Office of Geographic Information Systems
DEP	Dept of Environmental Protection	OPA	Office of Public Advocate
DHS	Department of Human Services	PERC	Penobscot Energy Recovery Co
FAME	Finance Authority of Maine	PNGTS	Portland Natural Gas Transmission System
FCC	Federal Communications Commission	PUC/MPUC	Maine Public Utilities Commission
FERC	Federal Energy Regulatory Commission	QF	Qualifying Facility
FY	Fiscal Year	RFB	Request For Bid
HEAP	Home Energy Assistance Program	SSI	Social Security Income
ISO	Independent System Operator	TA	Technical Analysis
IXC	Interexchange Carriers	TANF	Temporary Assistance For Needy
LD	Legislative Document	T&D	Transmission and Distribution
LDC LNG	Local Distribution Company Liquefied Natural Gas	TELRIC	Total Element Long-Run Incremental Cost
MPS	Maine Public Service	TROs	Temporary Restraining Orders
M&NP	Maritimes and Northeast Pipelines	WPS-ESI	WPS Energy Services, Inc
MRSA	Maine Revised Statutes Annotated		
MTEB	Maine Telecommunications Board		
MWUA	Maine Water Utilities Association		

Glossary

- ✿ **Access Charges:** The rates that a long-distance carrier pays to local telephone companies for connecting to the local network. Access charges are a key element of toll rates.
- ✿ **Bill Unbundling (Itemized Billing):** The separation of Electricity Supply charges from Delivery Service charges on Maine consumers' electric bills beginning in January 1999.
- ✿ **Billing Aggregator:** "Aggregator" means an entity that gathers individual customers together for the purpose of purchasing electricity, provided such entity is not engaged in the purchase or resale of electricity directly with a competitive electricity provider, and provided further that such customers contract for electricity directly with a competitive electricity provider.
- ✿ **Competitive Electricity Provider:** A marketer, broker, aggregator or any other entity selling electricity to the public at retail.
- ✿ **Cramming:** The practice of adding fees or charges to a consumer's telephone bill for services that were either never provided or for services that the customer did not register for (see also Slamming).
- ✿ **Delivery Service:** The transmission and distribution of electricity to Maine consumers by a PUC-regulated Distribution Company.
- ✿ **Distribution Company:** A PUC-regulated utility that, after March 2000, provided only Delivery Service.
- ✿ **Electric Restructuring:** The redesign of the state's electric utility industry giving Maine consumers the right to choose their Electricity Supplier. The result of a law passed by the Maine Legislature in 1997.
- ✿ **Electric Supply:** Electricity that is sold or resold by a PUC-licensed Electricity Supplier, or provided under the Standard Offer.
- ✿ **Electricity Utility:** A monopoly utility that, until March 2000, provided both Electricity Supply and Delivery Service. In March 2000, Electric Utilities became Distribution Companies.

Glossary

- ✿ **Federal High-Cost Funds:** Universal service support mechanisms that have helped make telephone service affordable for low-income consumers and consumers who live in areas, typically rural, where the cost of providing service is high.
- ✿ **Independent Telephone Company:** This term is often used to refer to all incumbent local exchange carriers companies other than Verizon - Maine. There are 23 of these companies in Maine, although some are owned by the same parent holding company.
- ✿ **Independent Third Party Verifier:** A third party used to verify preferred carrier changes. The third party must be qualified and independent, and must obtain the customer's oral authorization to submit the preferred carrier change that includes appropriate verification data (e.g. the customer's date of birth or social security number).
- ✿ **Intrastate Access Rates:** "Access charges" and "access rates" are those charges and rates that an interexchange carrier must pay to a local exchange carrier in order to provide intrastate interexchange service in Maine.
- ✿ **Letter of Agency:** A "letter of agency" is a document containing a customer's signature that authorizes a change to a customer's preferred carrier selection.
- ✿ **LEC:** An acronym for Local Exchange Carrier. These companies provide basic local service. Subsets of LECs include incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). The incumbents are the existing monopoly providers and competitive carriers are the new entrants in those markets. An ILEC can be a CLEC in a region outside of its existing monopoly service area.
- ✿ **Lifeline & Link-Up:** These programs assist low-income consumers in obtaining and affording telecommunications services.
- ✿ **NPA / NXX:** NPA is an acronym that essentially stands for area code. In Maine's case, the entire state falls within the 207 NPA. NXX is the abbreviation for the three digit sequence following the area code. For instance, if a person's telephone number was (207) 555-1234, the NPA would be 207 and the NXX would be 555. If Maine runs out of NXX codes, then a new NPA may be needed.
- ✿ **Prescribed Toll Carrier "PIC":** The carrier to which a customer is presubscribed for local, intrastate, interstate, or international telecommunications service.

Glossary

- ✿ **RBOC:** An acronym for Regional Bell Operating Company. In Maine's case, the incumbent RBOC is Verizon - Maine.
- ✿ **Retail Electric Competition:** A system under which more than one competitive electric provider can sell to retail customers and retail customers are allowed to buy from more than one provider.
- ✿ **Section 271:** The section of Federal Telecommunications Act of 1996 that addresses the conditions for Regional Bell Operating Company entry into the interstate market. Section 271 is also sometimes known as the "competitive checklist."
- ✿ **Slamming:** The illegal practice of switching a consumer's telephone carrier or electrical supplier without obtaining proper consent (see also Cramming).
- ✿ **Standard Service Offer:** Electric generation service provided to any electricity consumer who does not obtain electric generation service from a competitive electricity provider.
- ✿ **Stranded Costs:** the term "stranded costs" means a utility's legitimate, verifiable and unmitigable costs made unrecoverable as a result of the restructuring of the electric industry required by 35-A M.R.S.A. Chapter 32 determined by the commission as provided in this Subsection 3208.
- ✿ **Unbundled:** Electric utility bills that state the current cost of electric capacity and energy separately from transmission and distribution charges and other charges for electric service.
- ✿ **Universal Service:** Ensures that all Americans can afford at least a minimal level of basic telephone service.

Map Location of Commission

DIRECTIONS TO THE MPUC

FROM NORTH: I-95 Exit 30A (Augusta) to Western Avenue toward downtown Augusta.

FROM SOUTH: I-95 Exit 30 (Augusta/Winthrop) to Western Avenue toward downtown Augusta. Then east on Western Avenue (Routes 202/11/17/100) 1.3 miles to Augusta Rotary.

FROM EAST: Routes 3, 27 or 201 to Augusta - Cross Kennebec River to Augusta Rotary. From Augusta Rotary, go south on State Street (past State Capitol) (Routes 27 and 201) 0.3 miles to Manley Street (bottom of the hill). COMMISSION is on the right (242 State Street, tel. 287-3831), with ample parking and handicap accessible.



PUC 2000 Annual Report Evaluation Form

We ask you to give us feedback on the content and format of this annual report, by filling out the following short questionnaire and mailing it (postage already paid) back to us.

1. What is your overall evaluation of this report? (check one)

very informative___ somewhat informative_____ not informative_____

2. Please rate each of the following report sections according to how they helped you further understand utility issues and events.

(1 = very helpful 2 = somewhat helpful 3 = not helpful)

Telecommunications		Acronyms		Public Access	
Electric		Consumer Assistance		Glossary	
Water		Maine Commission			
Natural Gas		Rulemakings			
Telephone List		Summary of Laws			
Map Location		Fiscal Information			

3. How can we improve this report to better meet your information needs? If appropriate, please specify particular sections.

4. What did you like best about this report? (check those items that you liked)

- format _____
- writing style _____
- cover _____
- content _____
- ease in reading _____
- other _____

THANK YOU!

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We welcome feedback on how we can improve next year's report. Send your comments to Phil Lindley at 207-287-1598 or phil.lindley@state.me.us

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