

§3503. Rates for consumer-owned transmission and distribution utilities

1. Scope of section. Notwithstanding any other provision of law or any charter to the contrary and in addition to any charter or private and special laws creating or affecting any consumer-owned transmission and distribution utility, the rate, toll or charge made, exacted, demanded or collected by the consumer-owned transmission and distribution utility is governed by this section.

[PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

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

A. "Abandoned capital credit" means a deposit or refund owed to a member of a rural electrification cooperative as defined in section 3703, subsection 2 that is unclaimed by the member one year after the deposit or refund becomes payable. [PL 2023, c. 483, §2 (NEW).]

B. "Governing body" means the governing body of a consumer-owned transmission and distribution utility. [PL 2023, c. 483, §2 (NEW).]

[PL 2023, c. 483, §2 (RPR).]

3. Just and reasonable rates. The governing body shall establish and file rates, tolls and charges that are just and reasonable and that provide revenue as may be required for the consumer-owned transmission and distribution utility to perform its public utility service and to attract necessary capital on just and reasonable terms.

[PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

4. Nondiscriminatory rates. The governing body shall establish and file rates that are nondiscriminatory and that are applied on a nondiscriminatory basis.

[PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

5. Purposes. The governing body may establish and file rates under this section to provide revenue for the following purposes, but no other:

A. To pay the current expenses for operating and maintaining the transmission and distribution system and to provide for normal renewals and replacements; [PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

B. To provide for the payment of the interest on the indebtedness created or assumed by the utility; [PL 1987, c. 141, Pt. A, §6 (NEW).]

C. For consumer-owned transmission and distribution utilities, except rural electrification cooperatives:

(1) To provide each year a sum equal to not less than 2% nor more than 10% of the term indebtedness represented by the issuance of bonds created or assumed by the utility, which sum must be turned into a sinking fund and kept to provide for the extinguishment of term indebtedness. The money set aside in this sinking fund and all interest accrued to this fund must be devoted to the retirement of the term obligations of the utility and may be invested in such securities as savings banks in the State are allowed to hold;

(2) To provide for annual principal payments on serial indebtedness created or assumed by the utility; and

(3) To provide for a contingency reserve fund, 1/2 of which may be used for capital purposes, to reflect up to a 25% addition to yearly revenues over the amount required to operate the utility, not including purchased power supply costs, if any. Any surplus in excess of this 25% must be used to offset future revenue requirements in the setting of rates. Any interest generated on these funds must be deposited into the contingency reserve fund. The balance in the contingency reserve fund at the close of the utility's fiscal year may not exceed 25% of the

yearly revenues over the amount required to operate the utility, not including purchased power supply costs, if any; and [PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

D. For rural electrification cooperatives supplying or authorized to supply energy, to provide for debt service coverage by providing rates to reflect an additional amount no more than the amount of yearly long-term interest payments. The total amount of equity may not exceed the level of equity required by the lender and in no case may exceed 40% of the rural electrification cooperative's total assets minus total reserves as shown on the cooperative's annual report to the commission submitted pursuant to section 504, subsection 2. Any surplus in excess must be used to offset future revenue requirements in the setting of rates. [PL 1993, c. 512, §3 (AMD).]

The limitations set out in this subsection apply only in the case of rates established pursuant to this section and do not limit the discretion of the commission in setting rates under any other section. [PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

6. Penalty. If, as a result of investigation pursuant to section 310, 1302 or 1303, the commission finds that the utility has set rates pursuant to section 3502 that significantly exceed the limits of this section, the commission may order the utility to use any existing surplus to offset future revenue requirements and may suspend the utility's rights pursuant to section 3502 for a specified time period. [PL 1999, c. 398, Pt. A, §87 (AMD); PL 1999, c. 398, Pt. A, §§104, 105 (AFF).]

7. Abandoned capital credits. Abandoned capital credits must be used to provide assistance to low-income households in accordance with section 3214. [PL 2023, c. 483, §3 (NEW).]

SECTION HISTORY

PL 1987, c. 141, §A6 (NEW). PL 1993, c. 512, §3 (AMD). PL 1999, c. 102, §1 (AMD). PL 1999, c. 398, §A87 (AMD). PL 1999, c. 398, §§A104,105 (AFF). PL 2023, c. 483, §§2, 3 (AMD).

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