

MAINE STATE LEGISLATURE

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One Hundred and Twenty-Third Legislature

State of Maine

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Pages 1 - 1266

Reported that the same **Ought to Pass as Amended by Committee Amendment "A" (H-255)**.

Signed:

Senators:

DAMON of Hancock
DOW of Lincoln
SNOWE-MELLO of Androscoggin

Representatives:

PENDLETON of Scarborough
EATON of Sullivan
FLETCHER of Winslow
MacDONALD of Boothbay
McDONOUGH of Scarborough
PERCY of Phippsburg
MAZUREK of Rockland
ADAMS of Portland

The Minority of the same Committee on the same subject reported that the same **Ought To Pass as Amended by Committee Amendment "B" (H-256)**.

Signed:

Representative:

EMERY of Cutler

Comes from the House with the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-255)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-255)**.

Reports **READ**.

On motion by Senator **DAMON** of Hancock, the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-255)** Report **ACCEPTED**, in concurrence.

READ ONCE.

Committee Amendment "A" (H-255) **READ** and **ADOPTED**, in concurrence.

ASSIGNED FOR SECOND READING NEXT LEGISLATIVE DAY.

Out of order and under suspension of the Rules, the Senate considered the following:

REPORTS OF COMMITTEES

House

Divided Report

The Majority of the Committee on **LABOR** on Bill "An Act Regarding Occupational Safety and Health Training for Workers on State-funded Construction Projects"

H.P. 458 L.D. 591

Reported that the same **Ought Not to Pass**.

Signed:

Senators:

STRIMLING of Cumberland
SULLIVAN of York
DOW of Lincoln

Representatives:

TUTTLE of Sanford
CLARK of Millinocket
THOMAS of Ripley
HASKELL of Portland
CRESSEY of Cornish
DUPREY of Hampden
DRISCOLL of Westbrook

The Minority of the same Committee on the same subject reported that the same **Ought To Pass**.

Signed:

Representatives:

JACKSON of Allagash
BURNS of Berwick

Comes from the House with the Reports **READ** and the Bill and accompanying papers **COMMITTED** to the Committee on **LABOR**.

Reports **READ**.

On motion by Senator **STRIMLING** of Cumberland, Bill and accompanying papers **COMMITTED** to the Committee on **LABOR**, in concurrence.

ORDERS OF THE DAY

The Chair laid before the Senate the following Tabled and Later Today Assigned matter:

HOUSE REPORTS - from the Committee on **UTILITIES AND ENERGY** on Bill "An Act Regarding the Long-term Contracting Authority of the Public Utilities Commission" (EMERGENCY)

H.P. 224 L.D. 268

Majority - **Ought to Pass as Amended by Committee Amendment "A" (H-220)** (8 members)

Minority - **Ought Not To Pass** (5 members)

Tabled - May 24, 2007, by Senator **WESTON** of Waldo

Pending - motion by Senator **BARTLETT** of Cumberland to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence

(In House, May 23, 2007, the Majority **OUGHT TO PASS AS AMENDED** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-220).**)

(In Senate, May 24, 2007, Reports **READ**.)

THE PRESIDENT: The Chair recognizes the Senator from Piscataquis, Senator Smith.

Senator **SMITH:** Thank you, Madame President and members of the Senate. I just wanted to say a couple of words about this bill, L.D. 268, An Act Regarding the Long-term Contracting Authority of the Public Utilities Commission. This bill follows on the heels of a long and checkered history of long-term contracting which has cost this state many millions of dollars. For those of you who remember the debacle over PURPA back in the 1980's, the Legislature of Maine enacted a bill called the Public Utilities Regulatory Policy Act that, among other things, required long-term contracting, authorized the Public Utilities Commission to compel the utilities at that time to engage in long-term contracting. I hope I don't have to go into the history there to remind all of you that it was a total disaster. That long-term contracting that the Public Utilities Commission pressed ahead with required utilities to engage in 30 year contracts with small utility generators at prices that were then pegged at \$100 a barrel for oil regardless of what the current price was. The result of that, over a period of years, was that the PUC, seeing the escalating costs of electricity as a result of that directly, delayed payments to the utilities and eventually the utilities ended up writing off hundreds of millions of dollars of rate increases which they were due under the law at that time. This, in my view, is a continuation of the well intended but ill thought out and poor public policy which is going to get us right back into the soup again. The Public Utilities Commissioners do have some authority which was granted last year to engage in long-term contracting but it is done under the law of last year in such a way that the utilities themselves will not be held responsible if the long-term contracting pans out the way the 1980's adventure did. This bill would attempt to change that and it is for that reason that I feel that we ought not to expand the power of the Public Utilities Commission to engage in long-term contracting. It is a very difficult thing in this world economy we have to understand where electric rates or any other aspects of our economy are going in the long term. This is a highly competitive economy that we live in. Things change almost daily. They certainly change monthly and yearly. To get us back into the business of committing ourselves to long-term contracts could be a very detrimental thing to our ratepayers, to our businesses that are trying to compete in this highly competitive world economy, and I would ask you to defeat the pending motion. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Bartlett.

Senator **BARTLETT:** Thank you, Madame President. I apologize for having missed the previous discussion and will attempt to outline what this bill does and the rationale for it. This bill is a

continuation of, or clarification of, what we did last session. Last session our committee unanimously passed, I believe in both Chambers, a bill which gives the PUC authority to enter into some long-term contracts. The concern we had and the things that we were wrestling with last session were the tremendous price volatility, the rising prices, and there were concerns about the stability of our capacity of electricity. As part of our effort to address those issues we passed a bill that included giving the PUC authority to require utilities to sign long-term contracts. This was at a time when we were thinking about wind generation and there were a lot of great wind projects. Unfortunately, their capital costs are very high and it can be difficult for some companies to go forward on those projects with assurance that they are going to be able to sell their power later on. We gave the PUC authority to enter into some long-term contracts so that if there were proposals to put new steel in the ground here in Maine we could enter into contracts related to energy to help stabilize the electricity supply, to help diversify our electricity supply, and to help ensure that we could promote renewable energy to meet Maine's energy needs and know that we weren't going to have potential black-outs or high prices. In addition to wind power, other opportunities that could be available through long-term contracting includes things like hydropower up in Canada or nuclear power, should the Canadians go forward with their proposal to add a new nuclear reactor. This would help us tremendously to diversify our electricity portfolio. To give you a sense, right now 60% of the electricity produced in Maine is natural gas. We are incredibly sensitive to prices. Natural gas prices have sky rocketed and the prices for the electricity has gone up as well. A long-term contract was seen as a way to diversify our portfolio and protect consumers. That's what we did last session.

As the PUC was working through the rules they came back with a number of suggested changes to it. There is a long list of changes, some of them major and some much more minor. As a committee, we worked through them and about 90% of them we all agreed were either in or out. There was a very small handful that turned primarily as semantics, just kind of the way things were worded. I think there was one provision that there was some disagreement on whether it should be included, but we all basically agreed, as a committee, that we needed to make these changes in order to make the law we passed last session work. For some reason we ended up with a divided report, largely due to some semantic differences over a couple of issues. It is unfortunate that this happened, but it is important to understand what defeating this bill would do. It would mean that the law we passed last time, with respect to long-term contracting, would be moving forward with a number of flaws that everybody recognizes needs to be improved upon. The status quo of doing nothing is a way to make sure that the long-term contracting proposal fails miserably and incurs some of the problems that we need to avoid. This bill is simply trying to clarify what our intent was when we passed the bill last year and make sure it can be implemented smoothly on a going forward basis. Thank you.

On motion by Senator **MITCHELL** of Kennebec, supported by a Division of one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Senator **BARTLETT** of Cumberland to Accept the Majority Ought to Pass as Amended

Report. A Roll Call has been ordered. Is the Senate ready for the question?

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#82)

YEAS: Senators: BARTLETT, BOWMAN, BRANNIGAN, BROMLEY, BRYANT, DAMON, DIAMOND, HOBBS, MARRACHE, MARTIN, MITCHELL, NUTTING, PERRY, ROTUNDO, SCHNEIDER, STRIMLING, SULLIVAN, THE PRESIDENT - BETH G. EDMONDS

NAYS: Senators: BENOIT, COURTNEY, DOW, GOOLEY, MCCORMICK, MILLS, NASS, PLOWMAN, RAYE, ROSEN, SAVAGE, SHERMAN, SMITH, SNOWE-MELLO, TURNER, WESTON

ABSENT: Senator: HASTINGS

18 Senators having voted in the affirmative and 16 Senators having voted in the negative, with 1 Senator being absent, the motion by Senator **BARTLETT** of Cumberland to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence, **PREVAILED**.

READ ONCE.

Committee Amendment "A" (H-220) **READ** and **ADOPTED**, in concurrence.

ASSIGNED FOR SECOND READING NEXT LEGISLATIVE DAY.

The Chair laid before the Senate the following Tabled and Later Today Assigned matter:

HOUSE REPORTS - from the Committee on **UTILITIES AND ENERGY** on Bill "An Act To Enhance Availability of Emergency Telephone Services"

H.P. 975 L.D. 1383

Majority - **Ought to Pass as Amended by Committee Amendment "A" (H-282)** (9 members)

Minority - **Ought Not To Pass** (4 members)

Tabled - May 24, 2007, by Senator **WESTON** of Waldo

Pending - motion by Senator **BARTLETT** of Cumberland to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence

(In House, May 23, 2007, the Majority **OUGHT TO PASS AS AMENDED** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-282).**)

(In Senate, May 24, 2007, Reports **READ**.)

On motion by Senator **BARTLETT** of Cumberland, the Majority **OUGHT TO PASS AS AMENDED** Report **ACCEPTED**, in concurrence.

READ ONCE.

Committee Amendment "A" (H-282) **READ** and **ADOPTED**, in concurrence.

ASSIGNED FOR SECOND READING NEXT LEGISLATIVE DAY.

The Chair laid before the Senate the following Tabled and Later Today Assigned matter:

SENATE REPORTS - from the Committee on **AGRICULTURE, CONSERVATION AND FORESTRY** on Bill "An Act To Raise Benefits for Farmers under the Milk Subsidy Program and To Prevent Price Gouging in the Sale of Milk"
S.P. 262 L.D. 852

Majority - **Ought to Pass as Amended by Committee Amendment "A" (S-139)** (12 members)

Minority - **Ought To Pass as Amended by Committee Amendment "B" (S-140)** (1 member)

Tabled - May 24, 2007, by Senator **NUTTING** of Androscoggin

Pending - motion by same Senator to **ACCEPT** the Minority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "B" (S-140)** Report

(In Senate, May 24, 2006, Reports **READ**.)

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Nutting.

Senator **NUTTING:** Thank you, Madame President, ladies and gentlemen of the Senate. I know the time is probably a little passed when people might be considering going out and getting a sandwich and of course a glass of milk with that. Seriously, this is a very serious issue. We've had a tier program in Maine for 2 years now that has really protected our dairy industry. If we hadn't had it I'm sure we'd be like New Hampshire, who has lost a huge percentage of their dairy farms in the last 2 years because of very low federal prices. I know the various individuals, the dairy industries and the processors and the supermarkets, try to work everything that the Agriculture, Conservation and Forestry Committee has charged them out with doing. Because of the supermarket's position that they would not bend any, they were unsuccessful in reaching a total compromise. Milk in Maine, like all states, is extremely highly regulated at every level. It's the only agricultural product produced out there that 24 hours after it is produced, unless it's processed or consumed, isn't worth much. The minimum price for milk is suggested by the Maine Milk Commission on a monthly basis. Right now it is \$3.14. That