

**ANNUAL REPORT**

**February 1, 1989**

**REFERENCE**

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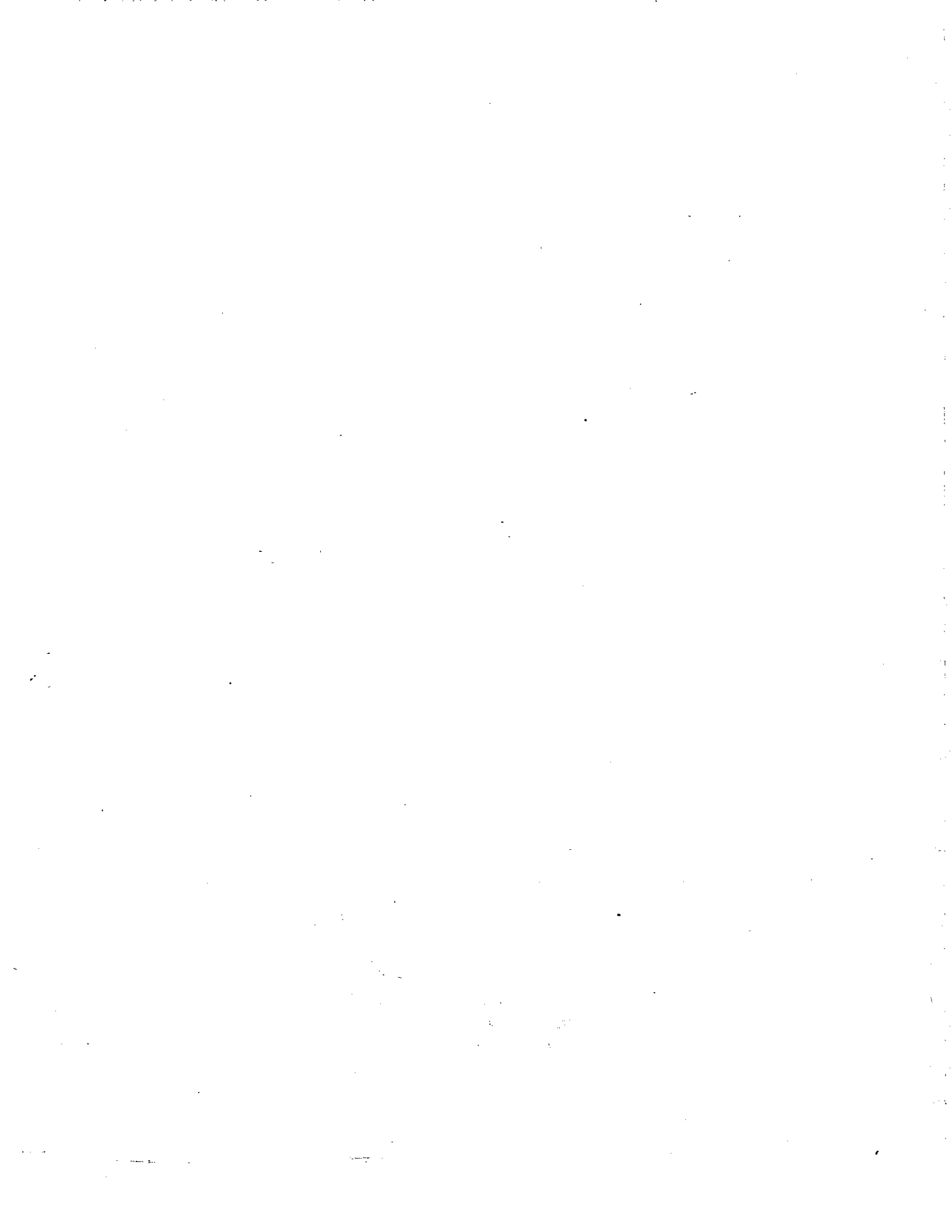


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Public Utilities Commission  
 Information Resource Center  
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## 1. INTRODUCTION

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

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

In addition, pursuant to 35-A M.R.S.A. § 4358, the Commission is required to report to the Joint Standing Committee on Appropriations and Financial Affairs on fiscal activities relating to the Nuclear Decommissioning Financing Act. Finally, the Commission has agreed with the Joint Standing Committee on Utilities to include information in its Annual Report relating to:

1. The Commission's treatment of electric utility requests for rates to recover expenses associated with conservation loan programs;
2. The effectiveness of 35-A M.R.S.A. § 704(3) in deterring utility violations of Chapter 81 of the Commission Rules; and
3. The accumulation of funds in water districts' contingency reserves, the disposition of such funds, and the existence and disposition of any "excessive" amounts in such reserves.

In addition to the above, we have included information relating to organization, case load and other activities.

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

## II. PURPOSE AND ORGANIZATION

### Purpose

The Public Utilities Commission's purpose is to protect the public by ensuring that utilities operating in the State of Maine provide adequate and reliable service to the public at rates that are reasonable and just. The Commission is a quasi-judicial body which rules on cases involving rates, service, financing and other activities of the utilities it regulates. The Commission has jurisdiction over 150 water utilities, 14 electric utilities, one gas utility, four water carriers, 19 telephone utilities, three resellers of telephone services, six radio common carriers, 156 COCOT service providers and 10 cellular service providers. These utilities had total revenues in 1988 of more than \$1 billion.

### Organization

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

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

### Administrative Division

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



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

Consumer  
Assistance  
Division

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

Legal Division

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

Finance Division

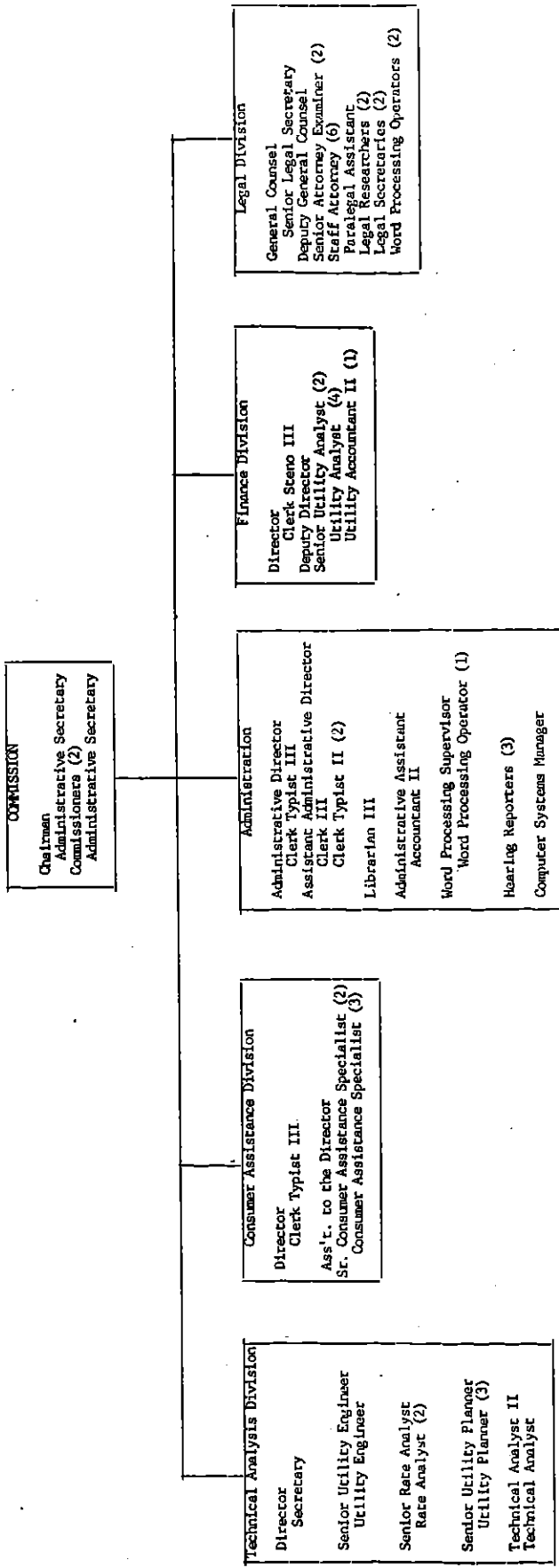
The Finance Division is responsible for conducting financial investigations and analysis of telephone, electric, gas and water utilities, and for conducting other research about Maine utilities. The Division analyzes all applications of utilities to issue stocks, bonds or notes.

The Division prepares testimony and other material concerning fuel clauses, cost of capital, rate base, revenues, expenses, depreciation and rate design for rate cases. The Division assists in the preparation of questions for cross-examination on accounting and finance matters, presents direct testimony, evaluates rate case exhibits and advises the Commission on financial and economic issues.

Technical  
Analysis  
Division

The Technical Analysis Division analyzes the technical aspects of filings made by utilities. Specifically, the Division analyzes and evaluates rate design exhibits, assists in the preparation of engineering related cross-examination and provides expert witnesses in rate proceedings. The Division prepares and reviews cost allocations and rate studies, reviews plans and specifications on all major utility construction projects, conservation programs and power purchases, conducts on-site inspection of system improvements, advises the Commission and CAD regarding line extensions, inspects gas pipelines to ensure safe operations and conducts on site investigations of gas explosions and electrical accidents involving loss of human life. Finally, the Division reviews standards of service, utility reports, fuel clauses and fuel generation rates, using computer modeling techniques where appropriate.

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION



**Technical Analysis Division**  
 Director  
 Secretary  
 Senior Utility Engineer  
 Utility Engineer  
 Senior Rate Analyst  
 Rate Analyst (2)  
 Senior Utility Planner  
 Utility Planner (3)  
 Technical Analyst II  
 Technical Analyst

**Consumer Assistance Division**  
 Director  
 Clerk Typist III  
 Ass't. to the Director  
 Sr. Consumer Assistance Specialist (2)  
 Consumer Assistance Specialist (3)

**Administration**  
 Administrative Director  
 Clerk Typist III  
 Assistant Administrative Director  
 Clerk III  
 Clerk Typist II (2)  
 Librarian III  
 Administrative Assistant  
 Accountant II  
 Word Processing Supervisor  
 Word Processing Operator (1)  
 Hearing Reporters (3)  
 Computer Systems Manager

**Finance Division**  
 Director  
 Clerk Steno III  
 Deputy Director  
 Senior Utility Analyst (2)  
 Utility Analyst (4)  
 Utility Accountant II (1)

**Legal Division**  
 General Counsel  
 Senior Legal Secretary  
 Deputy General Counsel  
 Senior Attorney Examiner (2)  
 Staff Attorney (6)  
 Paralegal Assistant  
 Legal Researchers (2)  
 Legal Secretaries (2)  
 Word Processing Operators (2)



### III. FISCAL INFORMATION

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

The Commission has two major sources of funding, in FY 88 a General Fund appropriation of approximately \$874,000 and a Regulatory Fund of \$2,219,000. The Regulatory Fund is raised through an assessment on utilities pursuant to 35-A M.R.S.A. § 116. The assessment process is described in Section 5 of this chapter.

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

The Commission was authorized 65 full-time positions in FY 88, 22 in the General Fund and 43 in the Regulatory Fund.

#### 1. Fiscal Year 88

In FY 88, the Commission expended approximately \$3.1 million regulating more than 200 utilities with gross revenues exceeding \$1 billion. Exhibit D details FY 88 expenditures by line category. Exhibit A summarizes General Fund activity and activity in other funds administered by the Commission.

General Fund            The General Fund allocation for FY 88 was \$873,945. \$795,507 was expended, principally for Personal Services. \$78,438 was lapsed to the General Fund. This lapsed amount represents salary savings from vacancies that went unfilled during part of FY 88.

Regulatory Fund        The Regulatory Fund assessment for FY 88 was \$2,219,000. In addition to the assessment, an unencumbered balance of \$307,044 and encumbrances of \$285,484 were brought forward from FY 87.<sup>1/</sup> \$2,127,037 was expended. Details of these expenditures are presented in Exhibit D. An encumbered balance of \$107,229 and an unencumbered balance of \$577,261 were brought forward to FY 89.<sup>2/</sup> The encumbered balances generally represent ongoing contracts for consulting services.

Decommissioning Fund    This account was closed in FY 86. There was no activity during FY 88.

Reimbursement Fund    Exhibit A indicates the reimbursement fund has been divided into 2 accounts - Filing Fees and Miscellaneous Reimbursements. The filing fee account had an unencumbered balance of \$5,556 and an encumbered balance of \$4,822 brought forward to FY 88.

1/

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

2/

\$300,472 for the purchase of a computer system previously approved by the Legislature have not been spent. The Commission is seeking approval of the Legislature to reallocate these funds for use during FY 90.

\$250,000 was received in filing fees to assist in processing the Hydro-Quebec Power Purchase request from Central Maine Power Company. During FY 88 \$175,794 was expended leaving an encumbered balance of \$31,952 and an unencumbered balance of \$42,676 brought forward to FY 89.

During FY 88, funds not needed to process a separate petition (Hydro-Quebec Phase II) were refunded to Central Maine Power Company (\$8,178) and Bangor Hydro-Electric Company (\$1,778).

Included in the balance forward is \$335.50 from the filing fee associated with the Lewiston Falls Hydro-Electric Redevelopment Project. This amount will be refunded to Central Maine Power during FY 89.

Miscellaneous reimbursements consist of funds received for copies of documents such as monthly dockets, agenda and decisions and for other miscellaneous items. \$33,783 was brought forward from FY 87. An additional \$6,489 was received during FY 88. \$38,479 was expended, and an unencumbered balance of \$1,793 was brought forward to FY 89.

In FY 88, a portion (approximately \$60,000) of the Hydro-Quebec filing fee was waived by the Commission.

In FY 88, pursuant to PL 1987 c. 52, the Commission received \$10,000 from New England Telephone Company to fund the 911 Study Commission. \$3,255 has been transferred to the Legislative Accounts. \$2,028 has been used for expenses of the 911 Commission. \$4,717 will be refunded to New England Telephone in FY 89.

In FY 88, no fines were collected by the Commission.

2. Fiscal Year 89

Exhibit B details the Commission's FY 89 General Fund and Regulatory Fund budgets. Encumbered balances brought forward from FY 88 and adjustments reflecting approved reclassifications and increases to the Regulatory Fund are included. The right hand column represents the total funds available to the Commission in FY 89 by account and line category.

3. Fiscal Years  
1990 and 1991  
Budgets

The Commission is seeking to increase the annual Regulatory Fund assessment by \$314,000 to a total of \$2,700,000 beginning in fiscal year 1990 and by an additional \$214,000 to a total of \$2,914,000 beginning in fiscal year 1991. Together with the General Fund appropriation these increases will provide the Commission with sufficient funds to carry out its duties. The additional funds will be used to fund increases in personnel costs and general operating expenses and to fund two new positions: a Consumer Assistance Specialist for the Consumer Assistance Division and a part-time position for the Administrative Division. In addition, the Commission is seeking Legislative approval to reallocate approximately \$300,000 previously approved by the Legislature for the purchase of a computer system from FY 89 to FY 90. The Commission is also seeking Legislative approval to reallocate approximately \$115,000 brought forward from FY 88 to FY 90 for custom software development associated with the computer system. Finally, the Commission is seeking to declassify several positions in the Technical Analysis Division. This Legislation would increase the Regulatory Fund by an additional \$17,200 in FY 90 and \$38,000 in FY 91.

Exhibit C details the FY 90 & 91 Regulatory Fund budgets. Column 2 FY 90 and column 3 FY 91 breaks out the requested increase by line category. The right hand column represents the total of the current budget and the proposed increase.



4. The Budget  
in Perspective

Exhibit D details the Commission's General Fund and Regulatory Fund budgets for a four-year period. The left hand column has amounts actually expended in FY 88. Column 2 contains FY 89's expenditure plan and columns three and four contain the FY 90 and 91 Budget.

5. The Regulatory  
Fund Assessment  
In Perspective

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

6. Management  
Audits

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

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

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

In FY 88, the Commission ordered no management audits.

7. Public Utilities Commission Facilities Fund In this fund \$27,954 was brought forward from FY 87. During the year \$2,044 interest was earned. \$29,950 was encumbered for roof repairs leaving a balance of \$28.

EXHIBIT A

PUC FUND ACTIVITY BY ACCOUNT FOR FY 1988

<u>Account Name</u>	<u>Amount</u>
<u>General Fund - 1187.1</u>	
Balance Brought Forward From Previous Year	0
General Fund Allocation	873,945
Less Expended	795,507
6/30/88 Balance Lapsed To General Fund	78,438
<u>Regulatory Fund - 4187.1</u>	
Balance Brought Forward From Previous Year	307,044
Encumbrances Brought Forward From Previous Year	285,484
Funds Received	2,218,999
Less Expended	2,127,037
Encumbered Balance Brought Forward To FY 89	107,229
Computer System Purchase	300,477
Unencumbered Balance Brought Forward to FY 89	276,784
<u>Facilities Fund - 4187.2</u>	
Balance Brought Forward From Previous Year	27,934
Funds Received	0
Interest Earned	2,044
Less Expended	0
Encumbered Balance Brought Forward to FY 89	29,950
Unencumbered Balance Brought Forward to FY 89	28
<u>Decommissioning Fund - 4187.5</u>	
Encumbrances Brought Forward From Previous Year	0
Less Expended	0
<u>Reimbursement Fund</u>	
<u>Filing Fees - 4187.4</u>	
Balance Brought Forward From Previous Year	5,556
Encumbrances Brought Forward From Previous Year	4,822
Funds Received	250,000
Refunded to Central Maine Power	8,178
Refunded to Bangor Hydro Electric	1,778
Less Expended	175,794
Encumbered Balance Brought Forward To FY 89	31,952
Unencumbered Balance Brought Forward to FY 89	42,676
<u>Misc. Reimbursements - 4187.6</u>	
Balance Brought Forward from Previous Year	33,783
Funds Received	6,489
Less Expended	38,479
Unencumbered Balance Brought Forward To FY 89	1,793

EXHIBIT B

FY 89 BUDGET & ADJUSTMENTS

	<u>Budget</u>	<u>Brought Fwd.</u>	<u>Adjusted Budget</u>
<u>General Fund - 1187.1</u>			
Positions	(22)		(22)
Personal Services	\$ 864,779	5,567 <u>1/</u>	\$ 870,346
Consulting	0	0	0
All Other	55,323	(5,567) <u>1/</u>	49,756
Capital	0	0	0
TOTAL	<u>\$ 920,102</u>	<u>0</u>	<u>\$ 920,102</u>
<u>Regulatory Fund - 4187.1</u>			
Positions	(43)	(2)	(45)
Personal Services	\$1,550,370	\$ 133,067 <u>2/</u>	\$1,683,437
Consulting	369,000	\$ 80,684 <u>3/</u>	449,684
All Other	379,830	222,314 <u>4/</u>	602,144
Capital	9,800	325,421 <u>5/</u>	335,221
TOTAL	<u>\$2,309,000</u>	<u>\$ 761,486</u>	<u>\$3,070,486</u>
<u>Facilities Fund - 4187.1</u>			
Capital	0	\$ 29,978 <u>6/</u>	\$ 29,978
<u>Reimbursement Fund</u>			
Filing Fees - 4187.4	0	74,627 <u>7/</u>	\$ 74,627
Misc. - 4187.6	0	1,793 <u>8/</u>	1,793
GRAND TOTAL	<u>\$3,229,102</u>	<u>\$ 867,884</u>	<u>\$4,096,986</u>

- 1/ Includes increase of Personal Services and decreases of All Other by \$5,567 to fund approved reclassifications.
- 2/ Includes increase of Personal Services and decreases of All Other by \$3,067 to fund approved reclassifications. Also includes funding (\$60,000) for 2 new positions and an unencumbered balance of \$70,000.
- 3/ Encumbered balance brought forward - \$ 80,684.
- 4/ Includes encumbered balance brought forward - \$12,596, also the reduction of All Other by \$3,067 as indicated in 2, additional funding to support 2 new positions and provide computer maintenance support in the amount of \$15,000, and an unencumbered balance forward of \$82,630 and \$115,155 unencumbered balance forward.
- 5/ Includes encumbered balance brought forward - \$13,949, an additional \$2,000 for equipment for the 2 new positions, \$300,472 reallocated for computer system purchase and an unencumbered balance forward of \$9,000.
- 6/ \$29,950 encumbered for roof repairs, \$28 unencumbered balance forward.
- 7/ Includes encumbered balance brought forward - \$31,951 and \$42,676 unencumbered balance forward.
- 8/ \$1,793 unencumbered balance brought forward.

FY 90/FY 91 REGULATORY FUND BUDGET & PROPOSED INCREASES

FY 90

	Budget	Request	Adjusted
Positions	(45)	( 2)	(47)
Personal Services	\$1,868,392	46,185 <u>1/</u>	\$1,914,577
Consulting Services	13,343	256,657 <u>2/</u>	270,000
All Other	493,265	141,513 <u>3/</u>	634,778
Capital	<u>11,000</u>	<u>302,372</u> <u>4/</u>	<u>313,372</u>
TOTAL	\$2,386,000	\$746,727	\$3,132,727

FY 91

	Original Budget	FY 90 Request	FY 91 Request	Adjusted FY 91 Budget
Positions	(45)	(2)	(47)	
Personal Services	\$2,055,608	46,185 <u>1/</u>	28,000 <u>5/</u>	\$2,129,793
Consulting Services	0	256,657 <u>2/</u>	13,343 <u>6/</u>	270,000
All Other	319,392	141,513 <u>3/</u>	212,657 <u>7/</u>	558,407 <u>9/</u>
Capital	<u>11,000</u>	<u>302,372</u> <u>4/</u>	<u>(2,000)</u> <u>8/</u>	<u>11,000</u> <u>9/</u>
TOTAL	\$2,386,000	\$746,727	\$252,000	\$2,969,200

- 1/ Includes \$34,185 for 2 new positions and \$12,000 for declassification of certain employees.
- 2/ \$256,657 for consulting services.
- 3/ \$26,358 additional All Other and Sta-Cap. Also includes \$115,155 unencumbered balance from FY 88 to be expended for computer software.
- 4/ \$2,000 for furniture and equipment for 2 new positions and \$300,372 reallocated to FY 90 for computer system purchase.
- 5/ Includes \$3,000 to provide increases for new positions in FY 91 and \$25,000 to fund declassifications.
- 6/ Additional consulting funds required of \$13,343.
- 7/ \$212,657 required to support general operating expenses.
- 8/ See #4 - one-time purchase.
- 9/ Does not include \$115,155 in FY 90 All Other or \$300,372 in FY 90 Capital relating to computer system purchase.

EXHIBIT D  
(Page 1 of 2)

PUC BUDGET IN PERSPECTIVE

	<u>FY 88</u> <u>Expended</u>	<u>FY 89</u> <u>Workplan</u>	<u>FY 90</u> <u>Budget</u>	<u>FY 91</u> <u>Budget</u>
<u>General Fund - 1187.1</u>				
Positions	(22)	(22)	(22)	(22)
Personal Services	\$741,340	\$870,346	\$941,054 <u>1/</u>	987,371 <u>2/</u>
Consulting Services	0	0	0	
All Other	54,167	49,756	47,100 <u>1/</u>	42,000 <u>2/</u>
Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$795,507	\$920,102	\$988,154	\$1,029,371
<u>Regulatory Fund - 4187.1</u>				
Positions	(43)	(45)	(47)	(47)
Personal Services	\$1,383,640	\$1,683,437*	\$1,914,577 <u>3/</u>	\$2,129,793 <u>7/</u>
Consulting Services	152,824	449,684**	270,000 <u>4/</u>	270,000 <u>8/</u>
All Other	480,376	486,989***	519,623 <u>5/</u>	558,407 <u>9/</u>
Capital	<u>110,197</u>	<u>335,221****</u>	<u>13,000 <u>6/</u></u>	<u>11,000</u>
TOTAL	\$2,127,037	\$2,955,331	\$2,717,200	\$2,969,200
<u>Facilities Fund - 4187.2</u>				
		29,978*****		
<u>Reimbursement Fund</u>				
Filing fees-4187.4	175,795	74,627*****	0	0
Misc. Reimb.-4187.6	38,382	1,793*****	0	0
ALL RESOURCES	<u>\$3,136,721</u>	<u>\$3,981,831</u>	<u>\$3,705,354</u>	<u>\$3,998,571</u>

- \* Includes unencumbered balance brought forward of \$70,000.
- \*\* Includes encumbered balance brought forward of \$80,684.
- \*\*\* Includes encumbered balance brought forward of \$12,596. and unencumbered balance forward of \$82,630.
- \*\*\*\* Includes encumbered balance brought forward of \$13,949 and \$9,000 unencumbered balance forward and \$300,000 for computer system.
- \*\*\*\*\* Includes \$29,950 encumbrance brought forward for roof repairs.
- \*\*\*\*\* Includes encumbered balance forward of \$31,951 and \$42,676 unencumbered.
- \*\*\*\*\* Unencumbered balance forward of \$1,793.

(Footnotes continued)

EXHIBIT D  
(Page 2 of 2)

PUC BUDGET IN PERSPECTIVE

- 1/ Includes \$5,200 to fund declassification of certain employees and a reduction of All Other in the same amount.
- 2/ Includes \$13,000 to fund above declassifications for FY 91 and a reduction of All Other in the same amount.
- 3/ Includes \$34,185 for 2 new positions and \$12,000 for declassification of certain employees.
- 4/ Includes \$256,657 to replenish the consulting account.
- 5/ Includes \$26,358 additional All Other and Sta-Cap (Administrative processing charges).
- 6/ Includes \$2,000 for furniture and equipment for 2 new positions.
- 7/ Includes item #3 for FY 90 and \$3,000 to provide increases for new positions and \$25,000 to fund declassifications in FY 91.
- 8/ In addition to #4, \$13,343 of Consulting funds are required for FY 91 for a total of \$270,000.
- 9/ In additions to #5, \$212,657 is required to fund FY 91 general operating expenses.





EXHIBIT E

Assessment Detail

For Use In FY	Mailing Date/ Due Date	\$ Annual Revenues Electric	\$ Telecom.	\$ Water	\$ Gas	\$ Water Carriers	\$ Total Revenues (Utilities)	\$ Assessment Factor	\$ Net Amount Assessed by (PIC)	\$ Gross Assessment
FY 1980	11/79-01/01/80	186,278,293	139,683,694	24,086,603	6,749,736		356,798,326	.00021	74,816 (Nearest \$10)	75,000
FY 1981	05/80-07/01/80	206,762,413	153,652,974	25,465,331	7,374,962		393,255,630	.000381	149,830 (Nearest \$10)	150,000
FY 1982	05/81-07/01/81	216,243,682	165,108,544	28,421,070	8,932,172		418,705,468	.00035824	149,796 (Nearest \$10)	150,000
FY 1982	06/81-08/01/81	216,243,682	165,103,544	28,421,070	8,932,172		418,705,468	.0007165	299,983 (Nearest \$5)	300,000
FY 1983	05/82-07/01/82	462,967,673	182,850,133	32,220,884	14,428,444	803,933	692,471,067	.00187733	1,299,996 (Nearest \$1)	1,300,000
FY 1984	05/83-07/01/83	508,838,895	194,922,674	36,803,237	19,309,123	959,425	760,329,404	.00170366	1,299,999 (Nearest \$1)	1,300,000
FY 1984	06/83-08/01/83	508,838,895	194,922,674	36,939,287	19,308,123	959,425	760,829,404	.0002103	159,984 (Nearest \$1)	160,000
FY 1985	05/84-07/01/84	546,977,166	210,502,523	40,372,798	21,206,118	984,106	820,042,711	.001943801	1,593,904 (Nearest \$1)	1,594,000
FY/1986	05/85-07/01/85	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	.002092053	1,893,914 (Nearest \$1)	1,894,000
FY 1986	05/85-07/01/85	630,565,108	210,877,202	42,290,155	20,517,627	1,080,600	905,330,692	.0002762359	249,999 (Nearest \$1)	250,000
FY 1987	05/86-07/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.0019916011	1,938,997 (Nearest \$1)	1,939,000
FY 1987	05/86-07/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.0002568575	249,993 (Nearest \$1)	250,000
FY 1987	11/86-12/01/86	670,908,924	238,902,099	43,400,274	19,213,032	1,211,241	973,635,570	.00014388701	139,999 (Nearest \$1)	140,000
FY/1988	05/87-7/01/87	645,757,051	275,047,659	45,215,835	17,911,730	936,922	984,869,197	.002253091	2,219,000 (Nearest \$1)	2,219,000
FY 1989	05/87-7/01/87	721,684,049	286,419,434	48,176,192	17,744,522	1,035,357	1,075,059,544	.002148	2,309,000 (Nearest \$1)	2,309,000
FY 1989	9/19/88-11/21/88	721,684,049	286,419,434	48,176,192	17,744,522	1,035,357	1,075,059,554	.0000716949	77,000 (Nearest \$1)	77,000



#### IV. CASE STATISTICS AND OTHER ACTIVITIES

1. Caseload            At the end of calendar year\* 1987, 99 cases were pending on the Public Utilities Commission Docket. During 1988, 348 new cases were docketed. The number of new cases docketed is higher than 1987 (315). 65 of the 99 pre-1988 cases and 235 of the 348 new cases were closed during 1988, six of these cases were assigned docket numbers but not initiated. At the end of 1988, 147 cases remained on the Commission's docket. Thus, in 1988, the Commission closed 300 cases. (See Exhibits F and G)

Exhibit G breaks down Commission activity in 1988 by type of utility and type of Commission initiated action, i.e., investigations and rulemakings and further details the types of cases that were docketed during 1988.

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

\*

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

<u>TERM</u>	<u>EXPLANATION</u>
Rates - General	Pursuant to Sections 307 and 310, <sup>1/</sup> the Commission reviews proposed changes in rates. General rate filings involve general increases in rates that significantly affect the utility's revenues. The Commission may suspend these filings for up to nine months. At the end of nine months, in the absence of action by the Commission, these rates become effective by operation of law.
Rates - Limited	Limited rate filings involve minor adjustments to individual tariffs and do not significantly impact on overall utility revenues.
Rates - Temporary	Section 312 empowers the Commission to temporarily alter existing utility rates. This authority allows the Commission to respond quickly to emergency situations.
Rates - Water District	Under Section 6104, rate filings by municipal and quasi-municipal water utilities are effective by operation of law unless a valid petition is received.
Rates - Customer-Owned Electric Utilities	Under Section 3502 rate filings by customer-owned electric utilities are effective by operation of law unless a valid petition is received.
Security Issuances	Pursuant to Section 902, the Commission must approve the issuance of securities by utilities.

1/

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

Agreements/ Contracts	Pursuant to Section 307 and Section 703, the Commission must approve contracts between utilities and customers.
Reorganization/ Affiliated Interests	Under Sections 707 and 708, the Commission must approve financial transactions between a utility and an affiliated interest as well as utility reorganizations.
Cogeneration Petitions	Under Section 3306, the Commission is required to resolve certain disputes between cogenerators and utilities.
Commission Rulemakings	Section 111 authorizes the Commission to promulgate all necessary rules.
Commission Investigations	Section 1303 authorizes the Commission to investigate a utility whenever it believes any rate is unreasonable or that any service is inadequate or for any other appropriate reason.
Commission Delegations	The Commission delegates to its staff certain duties in order to more efficiently accomplish the purposes of the Commission.
Advisory Rulings	Chapter 11, Section 5 of the Commission Rules provide that any interested person may petition the Commission for an advisory ruling with respect to the applicability of any statute or rule administered by the Commission.
Ten-Person Complaints	Section 1302 provides for Commission investigation of written complaints signed by ten or more persons made against any public utility.
Public Convenience and Necessity	Pursuant to Sections 2102 through 2105, a utility [electric, gas or telephone] must seek Commission approval in order to provide service to a city or town in which another utility is already providing or is authorized to provide service.

Exemptions/Waivers	Pursuant to Chapters 11 and 12 of the Commission Rules, the Commission may grant exemptions or waivers from certain of the Commission's rules.
Cost of Fuel Adjustments	Section 3101 requires an electric utility to seek Commission approval at least annually in order to adjust its charges to customers to reflect increases or decreases in the cost of fuel used in the generation and supply of electricity. A fuel adjustment filing triggers a Section 1303 investigation. Concurrent with the filing of cost of fuel adjustments, the electric utility must file short-term avoided costs.
Cost of Gas Adjustments	Pursuant to Section 4703, a gas utility must seek Commission approval in order to adjust its gas charges to its customers to reflect increases or decreases in the cost of gas.
Conservation	Pursuant to Section 3154, utilities may file to recover reasonable costs associated with the implementation of conservation programs; and, pursuant to Chapter 38, utilities are authorized to undertake certain demand-side energy management programs not specifically ordered by the Commission providing the programs meet the cost-effectiveness standard.

2. Rate Case  
Decisions

During calendar year 1988 two Section 3502 customer-owned electric utilities rate cases (Exhibit J) and ten Section 6104 municipal and quasi-municipal water utilities rate cases (Exhibit I) were processed. No general rate cases were decided in 1988 although four were filed and later withdrawn as a result of staff review. The fact that there were no rate cases filed from investor-owned utilities (IOU's) results, at least in part, from the 1987 review of all IOU's pursuant to Chapter 90. (See PUC Annual Report, 1987, p. 66.)

Exhibit H indicates that the 1988 fuel revenues accounted for approximately \$341 million of the approximately \$802 million in gross operating revenues for Central Maine Power Company, Bangor Hydro-Electric Company and Maine Public Service Company combined. This Exhibit also charts the historic proportionate ratio of fuel revenue to gross revenue for Maine's three largest electric utilities since 1986.

Also, referring to Exhibit H, the 1988 Northern Utilities cost of gas accounted for approximately \$9.9 million of its \$18.3 million in gross operating revenues.

A large portion of the Commission's work is generally devoted to a small number of cases, usually involving the larger utilities. Exhibit K demonstrates this fact. Of 84 days of hearings held by the Commission in 1988, 41 or approximately half of these were devoted to one case.





EXHIBIT F

Electric   Communications   Gas   Water   Water Carrier   Rulmakings   Investigations   Delegations   Misc.   Total

1986 CASE SUMMARY

Cases Docketed in 1986	36	90	13	55	13	17	2	6	6	246
Cases Decided in 1986	47	88	9	61	13	15	3	2	8	246
Cases Pending 12/31/86	26	44	7	16	1	8	9	0	0	126

1987 CASE SUMMARY

Cases Docketed in 1987	80	94	12	81	5	18	10	2	13	315
Cases Decided in 1987	81	105	16	76	6	15	28	2	13	342
Cases Pending 12/31/87	25	33	3	21	0	11	6	0	0	99

1988 CASE SUMMARY

Cases Docketed in 1988	76	121	5	104	3	15	10	5	9	348
Cases Decided in 1988	61	108	5	92	2	20	5	5	2	300
Cases Pending 12/31/88	40	46	3	33	1	6	11	0	7	147



EXHIBIT G

1988 Cases Docketed

Type	Filings					Comm. Initiated
	Electric	Gas	Commun.	Water	Water Carrier Others	
Rates - General				13	1	
Rates - Limited	29	2	59	20	1	
Rates - Temporary				1		
Rates - Water District (\$ 6104)				7		
Rates - Customer Owned Electric (\$ 3502)	2					
Securities Issues	7	1	9	19		
Agreements/Contracts	1		10	2		
Reorganizations/Affiliated Interests			10			
Cogeneration Petitions (C.36)	1					15
Commission Rulemakings						10
Commission Investigations						5
Commission Delegations						
Advisory Rulings	2		4	1		
Ten-Person Complaints	1			5		
Public Convenience & Necessity	4		6		1	
Exemptions/Waivers - Rules/Statutes	2		9	28		
Cost of Fuel Adjustments/Cogen. 36	3					
Cost of Gas Adjustments			2			
Conservation (C.38)	10					
Others	14		14	8	* 9	
	76	5	121	104	3	30
						= 348

\* Includes 6 Docket Numbers assigned to cases not initiated.



EXHIBIT H

FUEL IN ELECTRIC RATES  
(\$000)

Company	1986 Gross Revenue	1986 Fuel Revenue	1986 Fuel %	% Change in Fuel Revenue	1987 Gross Revenue	1987 Fuel Revenue	1987 Fuel %	% Change in Fuel Revenue	1988 Gross Revenue	1988 Fuel Revenue	1988 Fuel %	% Change in Fuel Revenue
C.M.P.	\$508,809	\$171,432	33.7	(28.0)	\$597,929	\$239,058	40.0	39.4	\$634,597	\$266,823	42.0	11.6
B.H.E.	102,608	36,609	35.7	(20.9)	96,424	32,823	34.0	(10.3)	113,042	55,002	48.7	67.6
M.P.S.	43,432	13,795	31.8	(4.1)	47,430	15,848	33.4	14.9	54,214	19,584	36.1	23.6
	<u>\$654,849</u>	<u>\$221,836</u>	<u>33.9</u>	<u>(25.7)</u>	<u>\$741,783</u>	<u>\$287,729</u>	<u>38.8</u>	<u>(29.7)</u>	<u>\$801,853</u>	<u>\$341,409</u>	<u>42.6</u>	<u>18.7</u>

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

Company	1986 Gross Revenue	1986 Gas Cost	1986 % Gas	% Change in Gas Cost	1987 Gross Revenue	1987 Gas Cost	1987 % Gas	% Change in Gas Cost	1988 Gross Revenue	1988 Gas Cost	1988 % Gas	% Change in Gas Cost
N.U.	\$17,912	\$10,390	58.0	(15.5)	\$17,745	\$9,940	56.0	(4.3)	\$18,338	\$9,894	54.0	(0.5)



EXHIBIT I

MUNICIPAL & QUASI-MUNICIPAL WATER UTILITIES  
 RATE CASES PURSUANT TO § 6104  
 EFFECTIVE IN 1988

<u>Docket No.</u>	<u>Utility</u>	<u>Proposed Revenue</u>	<u>Increase Over Prior Year</u>	<u>% Increase</u>
88-189	Belfast Water District	\$ 431,879	\$ 168,050	63.70
88-202	Lewiston Water District	1,773,618	636,203	55.93
88-215	Gray Water District	287,800	100,377	53.56
88-253	Paris Utilities District	305,600	72,609	31.16
	<b>TOTAL</b>	<u>\$2,798,897</u>	<u>\$ 977,239</u>	
*87-211	Madison Water District	247,325	74,014	42.71
*88-69	Ashland Water & Sewer Dist.	112,200	27,711	32.08
*88-89	Van Buren Water District	236,803	39,656	20.11
*88-136	Dover & Foxcroft Water Dist..	405,657	289,944	250.06
*88-300	Houlton Water Company	668,829	228,797	52.00
*88-307	Millinocket Water Company	533,830	35,000	7.02
	<b>TOTAL</b>	<u>\$2,204,644</u>	<u>\$ 695,122</u>	
<b>GRAND TOTAL</b>		<u>\$5,003,541</u>	<u>\$ 1,672,361</u>	

\* These cases were filed pursuant to § 6104 and failed to meet the filing requirements





EXHIBIT J

CUSTOMER-OWNED ELECTRIC UTILITIES  
RATE CASES PURSUANT TO § 3502  
EFFECTIVE IN 1988

<u>Docket No.</u>	<u>Utility</u>	<u>Proposed Revenue</u>	<u>Increase Over Prior Year</u>	<u>% Increase</u>
88-24	Kennebunk Light & Power Dist.	\$4,964,139	\$ 236,560	5.
88-128	Madison Electric Works	<u>1,057,916</u>	<u>\$ 122,132</u>	13.
	TOTAL	<u>\$6,022,055</u>	<u>\$ 358,692</u>	



EXHIBIT K

Days of Hearings Held in 1988

Central Maine Power Company Purchase of Power From Hydro-Quebec (88-111/87-268)	<u>41</u>
Other than major cases	<u>43</u>
TOTAL	<u>84</u>



3. Consumer  
Assistance  
Division

The CAD received 3,596 contacts from utility customers in 1988: 1,427 complaints (40%); 1,993 requests for information (55%); and 176 referrals to other agencies or organizations (5%). Including the requests for permission to disconnect under the Winter Disconnection Rule received in 1987-88 (955), the CAD handled 4,551 cases and contacts in 1988. This is an 11% increase since 1987. This increase is primarily due to increased requests to disconnect from electric and gas utilities.

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



EXHIBIT L

CONSUMER ASSISTANCE DIVISION  
COMPLAINTS/CONTACTS 1980-1988

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

CUSTOMER CHARGES ADJUSTED/WAIVED 1981-1988

<u>Year</u>	<u>Amount</u>
1981	\$ 61,703.71
1982	\$ 60,606.24
1983	\$ 94,934.70
1984	\$123,041.48
1985	\$ 52,594.40
1986	\$ 18,186.43
1987	\$104,815.29
1988	\$288,479.63





Adjustments

A total of \$288,479.63 was adjusted or reimbursed to utility customers as a result of CAD investigation or mediation of 172 cases.

Most of the large amounts adjusted for the 21 water utility customers involved decisions on appropriate charges for water main extensions.

The \$99,162.11 adjusted for Time-of-Use and Storage Heat electric customers was due to refunds by Central Maine Power Company as a result of a 1987 staff investigation of the minimum monthly charge.

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

Appeals

The PUC received 15 appeals of CAD decisions in 1988 from customers and 9 from utilities. The Commission declined to begin an investigation in 8 cases, thus upholding the CAD decisions. The CAD decision was changed or reversed in two cases. In one case, the parties reached agreement and in another case the utility withdrew its appeal. At the end of 1988, three appeals were pending.



CUSTOMER CHARGES ADJUSTED/WAIVED 1988

<u>TELEPHONE:</u>	(55 Customers)	\$ 24,489.88
<u>ELECTRIC:</u>	(92 Customers)	31,613.95
<u>WATER:</u>	(21 Customers)	132,720.04
<u>GAS:</u>	( 4 Customers)	493.65
TOTAL:	<u>172</u>	<u>\$ 189,317.52</u>
TOU/Thermal Storage Heat Rebates		99,162.11
		<u>\$288,479.63</u>



Violations

The CAD issued 90 decision letters, finding one or more violations of the Commission's Rules in 1988. Violations of the Winter Rule were down substantially (9 compared to 78 in 1987), but increased violations of other Rules were documented particularly Chapter 81, Residential Utility Service Standards for Credit and Collection Programs. For example, CAD documented 29 violations (other than the Winter Disconnect Rule) of electric utilities in 1987 compared with 52 in 1988, a 44% increase. An increase from seven to 20 violations of telephone utilities was also documented, a 65% increase. Because CAD's statistics reflect only a few of the customers that contact their utility with a dispute, these increases are significant and disturbing. The increased violations documented in complaints against Central Maine Power Company and New England Telephone Company have resulted in a separate investigation of CMP's compliance with Chapter 81 (Docket No. 88-263, Re: Investigation of the Acts, Practices and Compliance of Central Maine Power Company with Respect to Chapter 81 of the Commission's Rules) and the CAD's participation in a pending Commission investigation into overearnings by NET (Docket No. 88-143, Re: Investigation of Reasonableness of Rates.)

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

Exemptions

The CAD received five requests from utilities to grant an exemption from Chapter 81 for a particular customer in 1988, three were granted, two were denied or withdrawn.

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1900

Violations

<u>Electric Utilities (61)</u>	<u>Types of Violations</u>	<u>Total Violations</u>
Bangor Hydro-Electric	5 Disconnection Notices 1 Disconnection 1 Request for Service	7
Central Maine Power	17 Disconnections 15 Disconnection Notices 4 Deposits 2 Payment Arrangements 9 Winter Disconnection Rule 1 Request for Service	48
Houlton Water Co. (Elec. Dept.)	1 Disconnection Notice	1
Madison Electric Works	1 Deposit	1
Maine Public Service	1 Disconnection 1 Disconnection Notice 1 Billing Dispute	3
Eastern Maine Electric Coop.	1 Disconnection Notice	1
<u>Telephone Utilities (20)</u>		
New England Telephone	5 Disconnection Notices 6 Disconnections 1 Request for Service	12
Somerset	2 Disconnections	2
Hampden Telephone	2 Requests for Service	2
Community Services Telephone	1 Disconnection Notice	1
Contel	3 Disconnections	3
<u>Water Utilities (5)</u>		
Caribou Water Works	1 Disconnection	1
Limerick Water District	1 Disconnection	1
Orono-Veazie Water District	1 Service Charge	1
Portland Water District	1 Disconnection	1
Waldoboro Water District	1 Disconnection	1
<u>Gas Utility (4)</u>		
Northern Utilities	2 Disconnection Notices 2 Disconnections	4





Winter  
Disconnection Rule

The CAD received 955 requests to disconnect residential customers from electric and gas utilities during the period November 15, 1987 through April 15, 1988, an 18% increase compared to 1986-87. Of these 955 requests, 292 or 31% were granted, 656 were denied, and seven requests remain open because they are part of a pending investigation of CMP's compliance with Chapter 81 (Docket No. 88-263).

The increased number of requests and the increased number granted compared to 1987 indicate more familiarity with the procedural requirements of the Winter Rule by utilities.

As in previous years, the CAD found that most requests to disconnect which were approved involved customers without telephones.

Exhibit O lists the disposition of the requests to disconnect by utility. In general, the smaller utilities seek to disconnect a higher percentage of their residential customers than larger utilities. Of the large utilities, Central Maine Power Company had the highest ratio of requests to disconnect.



EXHIBIT O

CONSUMER ASSISTANCE DIVISION  
UTILITY WINTER REQUESTS TO DISCONNECT

1987-1988

	<u>*Disconnect/ Ratio</u>	<u>Requests Granted</u>	<u>Requests Denied</u>	<u>Violations</u>
Central Maine Power	776/1.91	251	518**	9
Bangor Hydro-Electric	361/.49	16	20	-
Eastern Maine Electric	68/9.64	15	53	-
Madison Electric Dept.	9/4.86	2	7	-
Northern Utilities	21/4.18	-	21	-
Van Buren Light & Power	12/10.43	2	10	-
Houlton Water Co. Electric Division	5/1.4	-	5	-
Maine Public Service	26/.96	6	20	-
Kennebunk Light & Power	<u>2/.60</u>	<u>-</u>	<u>2</u>	<u>-</u>
<u>TOTALS</u>	955	292	656	9

\*Per 1000 residential customers.

\*\*7 requests remain open.



## Complaints

The CAD received 1,427 complaints in 1988, and had 140 complaints pending from 1987. In 1988 1,386 complaints were closed, leaving 180 pending complaints. Most of the complaints (1,275 or 87%) were from residential customers.

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

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

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

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

A comparison of 1988 complaint trends with 1987 shows a 35% reduction in the number of complaints overall. This reduction is distributed fairly uniformly and is probably due to the CAD practice of discriminating more exactly between complaints and information requests from utility customers.



CAD COMPLAINT CODES

I. Service

S1 Request for New Service  
S2 Request for Service Repairs  
S3 Service Charges  
S4 Line Extensions  
S5 Directory Listings  
S6 Extended Area Service  
S7 Outages  
S8 Meter Checks  
S9 High Usage  
S10 Municipal Calling  
S11 Damage Claims

II. Billings

B1 Payment Arrangements  
B2 Overbilled  
B3 Mileage  
B4 Estimated Billings

III. Disconnect

D1 Notices  
D2 Disconnections

IV. Deposits

P1 Request for  
P2 Request for Refund

V. Miscellaneous

M1 General Protest  
M2 Customer Owned Equipment  
M3 COCOT Complaints  
M4 Energy Conservation Program  
M5 "AOS" Alternative Operator Services

VI. Rate Design

R1 Rate Design  
R2 Seasonal Service Charge  
R3 Phone Subsidy & Lifeline

VIII. Special Files

U Unregulated Areas  
V Variance Request





COMPLAINTS CLOSED BY THE  
CONSUMER ASSISTANCE DIVISION  
1988

TYPE OF UTILITY	ELECTRIC	TELEPHONE	WATER	GAS	TRANSPORT	UNREGULATED	1987 TOTAL	1988 TOTAL
<b>SERVICE</b>								
S1	42	53	7	3	0	1	139	106
S2	22	65	32	0	0	4	170	123
S3	10	13	5	0	0	1	47	29
S4	92	21	29	0	0	0	148	142
S5	1	21	0	0	0	0	14	22
S6	0	15	0	0	0	0	10	15
S7	18	1	0	0	0	0	35	19
S8	3	0	1	0	0	0	11	4
S9	35	1	5	0	0	0	64	41
S10	0	3	0	0	0	0	2	3
S11	17	2	1	0	0	0	2	20
TOTAL#	240	195	80	3	0	6	642	524
TOTAL%	29.81%	52.14%	55.17%	16.67%	0.00%	13.95%	33.4%	37.81%
<b>DISCONNECT</b>								
D1	201	49	12	3	0	1	357	266
D2	104	27	9	4	0	0	198	144
TOTAL#	305	76	21	7	0	1	555	410
TOTAL%	37.89%	20.32%	14.48%	38.89%	0.00%	2.33%	28.9%	29.58%
<b>DEPOSITS</b>								
P1	27	3	0	1	0	0	52	31
P2	2	0	0	0	0	0	14	2
TOTAL#	29	3	0	1	0	0	66	33
TOTAL%	3.60%	0.80%	0.00%	5.56%	0.00%	0.00%	3.4%	2.38%
<b>BILLINGS</b>								
B1	87	16	4	1	0	0	189	108
B2	48	54	27	5	0	27	219	161
B3	0	1	0	0	0	0	1	1
B4	2	9	1	0	0	0	2	3
TOTAL#	137	71	32	6	0	27	411	273
TOTAL%	17.02%	18.98%	22.07%	33.33%	0.00%	62.79%	21.4%	19.70%



COMPLAINTS CLOSED BY THE  
CONSUMER ASSISTANCE DIVISION  
1988

TYPE OF UTILITY	ELECTRIC	TELEPHONE	WATER	GAS	TRANSPORT	UNREGULATED	1987 TOTAL	1988 TOTAL
<b>RATE DESIGN</b>								
-----								
R1	67	0	2	0	0	0	49	69
R2	3	1	0	0	0	0	20	4
R3	0	0	0	0	0	0	0	0
TOTAL#	70	1	2	0	0	0	69	73
TOTAL%	8.70%	0.27%	1.38%	0.00%	0.00%	0.00%	3.6%	5.27%
-----								
<b>MISCELLANEOUS</b>								
-----								
M1	23	25	10	1	1	4	159	64
M2	0	1	0	0	0	0	9	1
M3	0	2	0	0	0	0	9	2
M4	1	0	0	0	0	0	3	1
M5	0	0	0	0	0	5	0	5
TOTAL#	24	28	10	1	1	9	130	73
TOTAL%	2.98%	7.49%	6.90%	5.56%	100.00%	20.93%	9.4%	5.27%
-----								
1988 COMPLAINT TOTAL	805	374	145	18	1	43	1923	1386

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



Electric Utility  
Complaints

The CAD closed 805 electric utility complaints in 1988, 38% relating to disconnections, 29% on service quality or requests for new service and 17% on billing disputes.

The two-year trend shows that some of the smaller utilities have the highest complaint ratios. The high complaint rates from Van Buren Light & Power District customers prompted a meeting between the CAD and the District's trustees in September, 1988. Dispute resolution procedures and the requirements of Chapter 81 were reviewed. A decrease in complaints has been noted since that meeting.

Eastern Maine Electric Cooperative (EMEC) moved from ninth place in 1987 to third in 1988. The increase in complaints was primarily in the service and disconnection dispute categories.

Several small utilities - Kennebunk Light & Power, Fox Island Cooperative, Swan's Island and Matinicus Plantation - maintained very low complaint ratios.

Of the larger electric utilities, both Central Maine Power Company and Bangor Hydro-Electric Company showed a slightly lower complaint ratio compared to 1987, but the violation citations differed significantly. Bangor Hydro dropped from 18 to 7 and CMP increased from 12 to 39 violations of Chapter 81.



EXHIBIT R

1988 ELECTRIC UTILITY COMPLAINTS

COMPANY	SERVICES # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE DESIGN # / %	MISC. # / %	# OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS	
							1987 TOTAL	1988 TOTAL
VAN BUREN LIGHT & POWER DISTRICT	0 0.00%	11 91.67%	0 0.00%	1 8.33%	0 0.00%	0 0.00%	15 10.45	12 11.73
MADISON ELECTRIC WORKS DEPARTMENT	1 10.00%	7 70.00%	1 10.00%	1 10.00%	0 0.00%	0 0.00%	11 5.27	10 4.76
EASTERN MAINE ELECTRIC COOPERATIVE, INC.	11 42.31%	8 30.77%	0 0.00%	5 19.23%	2 7.69%	0 0.00%	12 1.12	26 2.37
HOULTON WATER CO. ELECTRIC DEPT.	3 33.33%	6 66.67%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	12 2.51	9 1.375
BANGOR HYDRO-ELECTRIC CO.	65 42.48%	45 29.41%	2 1.31%	31 20.26%	4 2.61%	6 3.92%	196 1.92	153 1.477
MAINE PUBLIC SERVICE CO.	5 11.63%	28 65.12%	0 0.00%	10 23.26%	0 0.00%	0 0.00%	52 1.57	43 1.35
CENTRAL MAINE POWER CO.	154 28.21%	197 36.08%	24 4.40%	89 16.30%	64 11.72%	18 3.30%	348 1.87	546 1.215
UNION RIVER ELECTRIC COOPERATIVE, INC.	0 0.00%	2 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	1 0.59	2 1.16
LUSEC WATER & ELECTRIC DISTRICT	1 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	1 0.86	1 0.8
FOX ISLANDS ELECTRIC COOPERATIVE, INC.	0 0.00%	1 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	3 2.18	1 0.761
KENNEBUNK LIGHT & POWER DISTRICT	0 0.00%	0 0.00%	2 100.00%	0 0.00%	0 0.00%	0 0.00%	2 0.53	2 0.512
1988 TOTAL ALL COMPANIES	240 29.81%	305 37.89%	29 3.60%	137 17.02%	70 8.70%	24 2.98%	1157	805

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





Telephone Utility  
Complaints

Of the 374 complaints received concerning telephone utilities regulated by the Commission, over 50% concerning service quality or requests for new service, 19% related to billing disputes and 20% concerned disconnection.

Several telephone companies improved their performance compared to 1987. Standish, Somerset, Saco River, Warren and China Telephone Companies showed a significant reduction in their complaint ratio.

Other telephone companies - Oxford, Hartland & St. Albans and Hampden - had noticeably higher complaint ratios. While NET's complaint ratio decreased, the number of violations increased.



1988 TELEPHONE UTILITY COMPLAINTS

COMPANY	SERVICES		DISCONNECTS		DEPOSITS		BILLING		RATE DESIGN		MISC.		# OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS	
	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	1987 TOTAL	1988 TOTAL	
HAMPDEN TELEPHONE CO.	11 84.62%	0 0.00%	0 0.00%	2 15.38%	0 0.00%	0 0.00%	6 2.948	13 6.39						
OXFORD COUNTY TEL. & TEL. CO.	12 75.00%	1 6.25%	0 0.00%	1 6.25%	0 0.00%	2 12.50%	6 1.73	16 4.34						
WARREN TELEPHONE CO.	2 66.67%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	1 33.33%	5 4.912	3 2.76						
HARTLAND & ST. ALBANS TELEPHONE CO.	5 83.33%	0 0.00%	0 0.00%	1 16.67%	0 0.00%	0 0.00%	2 0.845	6 2.414						
*BRYANT POND TELEPHONE CO.	1 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0	1 2.15						
UNITY TELEPHONE CO.	4 66.67%	0 0.00%	0 0.00%	1 16.67%	0 0.00%	1 16.67%	4 1.47	6 2.13						
CHINA TELEPHONE CO.	1 25.00%	0 0.00%	0 0.00%	2 50.00%	0 0.00%	1 25.00%	7 3.245	4 1.75						
LINCOLNVILLE TELEPHONE CO.	2 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	3 2.358	2 1.57						
CONTINENTAL TEL. OF MAINE	30 55.56%	11 20.37%	0 0.00%	8 14.81%	0 0.00%	5 9.26%	50 1.374	54 1.412						
*UNION RIVER TELEPHONE CO.	0 0.00%	1 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	1 1.49	1 1.395						
STANDISH TELEPHONE CO.	3 42.86%	2 28.57%	0 0.00%	2 28.57%	0 0.00%	0 0.00%	13 2.744	7 1.39						
SACO RIVER TEL. & TEL. CO.	2 40.00%	1 20.00%	0 0.00%	2 40.00%	0 0.00%	0 0.00%	7 1.492	5 0.907						
SCHERSET TELEPHONE CO.	4 57.14%	2 28.57%	0 0.00%	1 14.29%	0 0.00%	0 0.00%	15 1.986	7 0.843						
COMMUNITY SERVICE TEL. CO.	3 50.00%	1 16.67%	0 0.00%	2 33.33%	0 0.00%	0 0.00%	7 0.957	6 0.776						



1988 TELEPHONE UTILITY COMPLAINTS

COMPANY	SERVICES # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE		# OF COMPLAINTS, COMPLAINTS PER 1000 CUS	
					DESIGN # / %	MISC. # / %	1987 TOTAL	1988 TOT
WEST PENOBSCOT TEL. & TEL.	0 0.00%	0 0.00%	0 0.00%	1 100.00%	0 0.00%	0 0.00%	2 1.357	1 0.641
NEW ENGLAND TEL. & TEL. CO.	112 57.26%	57 24.05%	3 1.27%	46 19.41%	1 0.42%	18 7.59%	392 0.816	237 0.48
PINE TREE TEL. & TEL. CO.	2 100.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	3 0.747	2 0.468
PORTLAND MARINE RADIO	1 33.33%	0 0.00%	0 0.00%	2 66.67%	0 0.00%	0 0.00%	8 ---	3 ---
COCOTS	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	5 ---	0 0
1988 TOTAL ALL COMPANIES	195 52.14%	76 20.32%	3 0.80%	71 18.98%	1 0.27%	28 7.49%	571	374

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



Gas Utility

Northern Utilities, Inc. had a total of 18 complaints for a complaint ratio of 1.16. This was a significant reduction compared to a ratio of 3.36 in 1987.

Water Carrier  
Utilities

The Commission regulates transportation in Casco Bay. There was only 1 complaint in 1988 involving a company providing transportation in Casco Bay.





EXHIBIT T

1988 GAS UTILITY COMPLAINTS  
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COMPANY	SERVICES # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE		MISC. # / %	# OF COMPLAINTS COMPLAINTS PER 1000 CUSTOMERS	
					DESIGN # / %			1987 TOTAL	1988 TOTAL
NORTHERN UTILITIES, INC.	3 16.7%	7 38.9%	1 5.6%	6 33.4%	0 0%	1 5.6%	52 3.36	18 1.16	



EXHIBIT U

1988 TRANSPORT  
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COMPANY	SERVICE # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE DESIGN # / %	MISC. # / %	TOTAL # COMPLAINTS
LIONEL PLANTE ASSOC.	0 0%	0 0%	0 0%	0 0%	0 0%	1 100%	1 ---



Water Utility  
Complaints

The PUC regulates 150 water utilities. 145 complaints were registered against 52 water utilities and only these utilities are listed in Exhibit V. The distribution of complaints by issue was similar to 1987: 55% concerning service quality or requests for service, 22% concerning billing disputes and 14% relating to disconnection. One of the service categories with the largest numbers of service complaints (29) related to water main extensions. The small number of complaints and small customer base makes the complaint ratio for most water utilities less significant. However, the consistently high complaint ratio of Passamaquoddy Water District in Eastport has resulted in an informal staff investigation of management efficiency. In addition, a series of complaints concerning lack of adequate service at Quantabacook Water Company in Harrington has also sparked an informal staff investigation, on-site visit and a mediated resolution that focused on the usage practices of the largest customer and a new pump.

Among the larger water districts, Portland Water District has increased its complaint ratio since 1987 from .65 to 1.0 (primarily due to water main extension disputes), Bangor Water District from .31 to .66. Augusta Water District, Houlton and Auburn each had 1 complaint in 1988. Lewiston and Presque Isle had none.



1988 WATER UTILITY COMPLAINTS

COMPANY	SERVICE # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE		# OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS	
					DESIGN # / %	MISC. # / %	1987 TOTAL	1988 TOTAL
*Quantabacook Water Company	6 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	6 40.82
*Danforth Water District	3 60%	0 0%	0 0%	2 40%	0 0%	0 0%	1 6	5 32.47
*Winterport Water District	3 75%	1 25%	0 0%	0 0%	0 0%	0 0%	0 0	4 15.27
*Cornish Water District	2 100%	0 0%	0 0%	0 0%	0 0%	0 0%	2 8	2 8
*Passamaquoddy Water District	4 66.7%	0 0%	0 0%	2 33.3%	0 0%	0 0%	8 10.1	6 7.74
*Jay Village Water District	2 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	2 6.35
*Milbridge Water Company	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	2 --	1 5.1
*Eagle Lake Water and Sewer District	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	0 0	1 4.79
*Limerick Water District	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	0 0	1 4.61
*Winter Harbor Water Company	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	2 8	1 4.601
*Harrison Water District	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	0 0	1 3.64
*Seal Harbor Water Company	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	1 3.22
*Bridgton Water District	1 50%	0 0%	0 0%	1 50%	0 0%	0 0%	1 1	2 3.073
*Norridgewock Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	1 2.81
*Hallowell Water District	0 0%	2 100%	0 0%	0 0%	0 0%	0 0%	1 1	2 2.77
*Waldoboro Water Company	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	1 3	1 2.76
*Gray Water District	2 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	2 2.59





1988 WATER UTILITY COMPLAINTS

COMPANY	SERVICE # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE		# OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS	
					DESIGN # / %	MISC. # / %	1987 TOTAL	1988 TOTAL
*Hartland Water Company	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	0 0	1 2.45
*Dover and Foxcroft Water District	0 0%	0 0%	0 0%	0 0%	0 0%	2 100%	1 1	2 2.12
Belfast Water District	2 66.7%	1 33.3%	0 0%	0 0%	0 0%	0 0%	4 2.65	3 2.025
Caribou Water Works Corporation	1 33.3%	1 33.3%	0 0%	1 33.3%	0 0%	0 0%	1 1.69	3 1.77
*Newport Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	1 1.68
*Guilford-Sangerville Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	2 3	1 1.67
*Fort Kent Municipal Water System	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	0 0	1 1.6
*Fort Fairfield Utilities District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	1 1	1 1.33
*Searsport Water District	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	4 5	1 1.14
Van Buren Water District	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	0 0	1 1.02
Portland Water District	22 52.4%	6 14.3%	0 0.0%	10 23.8%	0 0.0%	4 9.5%	28 0.65	42 1
South Berwick Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	1 1	1 1
Gardiner Water District	1 33.3%	0 0%	0 0%	1 33.3%	0 0%	1 33.3%	3 0.97	3 1
York Water District	2 50%	0 0%	0 0%	2 50%	0 0%	0 0%	4 0.97	4 0.94
Madawaska Water District	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	0 0	1 0.9
Lincoln Water District	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	0 0	1 0.849



1988 WATER UTILITY COMPLAINTS

COMPANY	SERVICE		DISCONNECTS		DEPOSITS		BILLING		RATE		MISC.		# OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS	
	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	# / %	1987 TOTAL	1988 TOTAL	
Kennebec Water District	4 66.7%	1 16.7%	0 0%	1 16.7%	0 0%	1 16.7%	0 0%	0 0%	0 0%	0 0%	0 0%	6 0.75	6 0.75	
Hampden Water District	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 100%	0 0%	1 0.71	1 0.744	
Farmington Village Corporation	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 0.71	1 0.731	
K'unk,K'unkport,& Wells Water District	4 66.7%	0 0%	0 0%	1 16.7%	1 16.7%	1 16.7%	0 0%	0 0%	0 0%	0 0%	0 0%	7 0.79	6 0.66	
Bangor Water District	1 16.7%	3 50%	0 0%	2 33.4%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	4 0.31	6 0.657	
Bath Water District	2 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	2 0.603	
Orono-Veazie Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 0.57	1 0.57	
Houlton Water Company	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 0.52	1 0.524	
Lisbon Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	2 1.03	1 0.51	
Camden & Rockland Water Company	3 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	3 0.45	3 0.459	
Maine Water Company	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	1 0.41	
Brunswick & Topsham Water District	1 0%	0 0%	0 0%	1 50%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 0.2	2 0.365	
Rumford Water District	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	1 0.35	
Sanford Water District	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 100%	0 0%	1 0.21	1 0.2	
Augusta Water District	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 100%	0 0%	1 0.18	1 0.183	
Auburn Water District	0 0%	0 0%	0 0%	1 100%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0	1 0.169	



1988 WATER UTILITY COMPLAINTS

EXHIBIT V  
(Page 4 of 4)

COMPANY	SERVICE # / %	DISCONNECTS # / %	DEPOSITS # / %	BILLING # / %	RATE		# OF COMPLAINTS, COMPLAINTS PER 1000 CUSTOMERS	
					DESIGN # / %	MISC. # / %	1987 TOTAL	1988 TOTAL
Biddeford & Saco Water Company	1 50%	1 50%	0 0%	0 0%	0 0%	0 0%	6 0.49	2 0.165
MT Abrams Water	0 0%	0 0%	0 0%	0 0%	1 100%	0 0%	0 0	1 ---
1988 Total All Companies	80 55.2%	21 14.5%	0 0%	32 22.1%	2 1.4%	10 6.9%	143	145

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



Unregulated/  
Partially  
Regulated  
Utilities

The CAD received 43 complaints concerning unregulated/partially regulated utilities. Most of these complaints related to telecommunications issues:

AT&T	19
MCI	2
Sprint	7
Central Corp.	2
Elcotel	1
ITI	10

Two others - one against Chick's Marina in Kennebunkport and one against Kimball Lake Water Cooperation - questioned whether certain charges should be regulated by the PUC.

The 13 complaints against Elcotel, Central Corp. and ITI concerned charges for both intrastate and interstate toll calls placed through an Alternative Operator Service (AOS) from coin telephones at hotels and restaurants. The complaint typically questioned the high charges for these calls and the lack of prior identification that the call was being handled by an AOS operator. These complaints resulted in an investigation of AOS providers and a halt to intrastate telephone service by these companies unless and until the AOS provider has a Certificate of Public Convenience and Necessity from the PUC.

AT&T has entered into an agreement with the CAD to refer Maine customers with disputes concerning their interstate toll charges to both the Maine PUC, as well as the Federal Communications Commission. The CAD mediates and resolves these disputes with the cooperation of AT&T. This agreement is designed to prevent the disconnection of local telephone service while a dispute concerning interstate toll charges is pending.

4. Municipal Water Departments and Quasi-Municipal Water District Reserve Funds
- In February 1986, the Joint Standing Committee on Utilities requested that the Commission include in its Annual Report information on water districts' accumulation of funds in their contingency reserves, the disposition of such funds and the existence and disposition of any "excessive" amounts in such reserves. Because of the accounting instructions in Chapter 67 of the Commission's Rules, contingency funds were lumped together with other reserves and excess funds were lumped together with sinking fund reserves. Therefore, it was not possible to separately identify contingency and excess reserves. This problem has been eliminated with the adoption of a new system of accounts effective January 1, 1987 and a new annual report format required for 1987.

In 1988, the Commission adopted a rule, as required by 35-A M.R.S.A. § 6105, that defines excessive surplus, sets forth uses of surplus funds and provides for the return of excessive surplus to customers.

Due to the computer changes needed for the new system of accounts adopted in 1987 and because the above-mentioned rule was only recently adopted, the Commission has not yet been able to analyze the result of these actions.

5. Violations and Penalties Relating to Disconnection and Deposit Rules
- 35-A M.R.S.A. § 704(3) provides that the Commission may bring an action in Administrative Court against a public utility that has willfully or recklessly violated Chapters 81, 86, or 87 of the Commission's rules. There was no activity pursuant to this provision in 1988.

6. Conservation Programs
- This section reviews the efforts during the past year by Maine utilities and their regulators to foster cost-effective energy conservation and load management.



The new, integrated approach to long-term energy resource planning adopted by the PUC in 1987 rulemakings (see the 1987 Annual Report, page 62) has now become the standard practice of each of the three major electric utilities. The option of controlling load growth through utility-sponsored energy management measures on the customer's side of the meter is now weighed in the same scale with the more traditional generation and purchased power resources on the supply side. From among all such energy resources, utility planners seek that combination of measures which meets customer needs at the lowest overall cost. When an energy conservation or load management program costs less than equivalent power generation or purchases, utilities may undertake such a program without prior Commission approval, provided it does not have a significant adverse rate impact.

As a result of this integrated planning process adopted in our 1987 rulemakings, each of the major electric utilities began new energy management programs in 1988, or changed existing ones, without prior regulatory review. Rather than pay the high cost of supplying extra power during brief periods of peak load, the three large electric utilities and two of the smaller ones are now offering to install remote-control switches on residential water heaters and to pay these customers for allowing the utility to cycle the electric water heater elements off and on during these brief, infrequent periods. If these load cycling programs prove as successful and cost-effective as early indications suggest, a substantial portion of customers may well take part, and many megawatts of costly, peak-period power will not have to be generated.

In addition to launching these water heater cycling efforts, each major utility expanded or revised its programs in several areas. At Central Maine Power Company, these included water heater conservation, street and area lighting efficiency, and its custom-designed measures for industrial customers. At Bangor Hydro-Electric Company, the rebate program for commercial lighting and motor efficiency investments was expanded, and the commercial loan program revised, along with a new effort to make weatherization measures available to low-income customers. Maine Public Service Company began offering rebates to residential, commercial and industrial customers for purchase of more efficient lighting, and cancelled an appliance rebate program judged to be not cost-effective. Central Maine and Bangor Hydro each enlisted the help of service clubs in distributing at reduced price a type of incandescent light bulb offering improved efficiency and much longer life, relative to the standard product. Central Maine expanded its interruptible service agreements with large industrial customers to a total of 119 megawatts at year's end.

Central Maine Power Company's three programs to encourage custom-designed efficiency gains for large commercial and industrial customers shepherded several major projects through design and negotiation stages to final contracts. These included investments in lighting improvements at two paper mills and process improvements at three others, energy control systems and lighting improvements at a college, and high efficiency motors at a wood mill. When complete, these seven projects will save some 43 million kilowatt-hours per year, which exceeds the estimated combined savings for 1988 from all of the utilities' other energy management programs for residential, commercial, and municipal customers.

On December 22, 1988, in Docket No. 88-178, the Commission amended Chapter 38 of its rules concerning demand side energy management programs. The rewritten rule, now numbered Chapter 380, reorganizes and clarifies the rule, simplifies reporting requirements, and removes certain ambiguities that occasionally clouded the interpretation of the old rule. Treating conservation and load management as normal utility work, Commission rules and practices have shifted recovery of most conservation expenditure to general rate cases. As a result, there was no cost recovery under the Chapter 37 Energy Conservation Adjustment during 1988.

V. YEAR IN REVIEW

Hydro-Quebec

On February 20, 1987 Central Maine Power Company (CMP) informed the Commission of the Company's planned purchase of generating capacity and energy from Hydro-Quebec, a Crown Corporation of the Provincial Government of the Province of Quebec, Canada.

CMP filed a preliminary motion requesting Commission findings that: 1) CMP's pursuit of the proposed purchase and the process of obtaining various regulatory approvals on both the federal and state level prior to a determination on the Petition for a Certificate of Public Convenience and Necessity were reasonable, and 2) the costs incurred by the Company in that pursuit, pending a determination in the Certificate phase, would be recoverable in future rates. On June 25, 1987, the Commission issued an order approving further activities in relation to the power purchase. However, the Commission declined to make any ruling at that time governing the recoverability in rates of any costs associated with these activities.

On July 9, 1987, Central Maine Power formally filed its Petition for a Certificate of Public Convenience and Necessity. The proposed power purchase would range from 200 megawatts to a maximum of 900 megawatts during the 30-year period from 1992 to 2021. CMP proposed to resell some of this power.

During the summer of 1987, CMP issued a request for proposal by cogenerators and small power producers to fill 2 decrements (100 megawatts) and received responses proposing over 1,400 megawatts in capacity. The parties agreed that it was necessary to review this response in connection with the Hydro-Quebec proceeding and that CMP should withdraw the Petition and refile it so the deadline for Commission action would be delayed. Consequently, CMP withdrew the Petition and refiled on October 30, 1987. Because Central Maine Power had difficulty

obtaining resale commitments, CMP and Hydro-Quebec renegotiated the contract. CMP's purchase commitments under the revised proposal were a minimum of 100 megawatts in the first block, 100 megawatts in the second block and 100 megawatts in the third block for a minimum purchase of 300 megawatts. In part as a result of this renegotiation, the parties agreed to a second withdrawal and refiling of the Petition which implemented an accelerated schedule requiring a decision by January 9, 1989.

On January 9, 1989, the Commission, on a two to one vote, denied the Petition for Approval of the Purchase of Power from Hydro-Quebec. A summary statement describing the Commission's decision was issued on January 9, 1989. A full order detailing the Commission's reasoning in this case will be issued by January 25, 1989.

Competition in  
Telecommunications

In 1988 the Public Utilities Commission began the process of opening Maine's telephone network to competition. The Commission, after three years of investigation, data collection, public meetings and hearings, adopted a new rule which allows competition in the provision of both long distance telephone service and new technologically advanced services within Maine. The rule has been designed to protect universal service, to encourage the lowest possible costs of service and a broader range of options to consumers, and to promote the deployment of new and enhanced technologies in Maine.

Over the past two decades, the United States has increasingly become an information-based economy. Full and successful participation in that economy will depend on a high quality and competitively priced telecommunications infrastructure. The Commission adopted these new policies in order to provide a framework under which competitive providers can enter the Maine telecommunications market so that Maine

consumers and businesses can more fully benefit from and take advantage of the opportunities that recent technological developments have made possible.

The new competition rule provides for:

Interexchange competition, whereby long distance companies may compete with existing telephone companies within Maine.

Access charges, established to ensure that all competitive long distance companies pay for the parts of the network they use in a manner that parallels existing interexchange carriers, so that universal service goals are protected as competition develops.

Open service/network architecture, under which firms offering enhanced services to customers can purchase only those portions of the telecommunications network that they require, in order to be able to offer enhanced services in the most efficient manner and at the lowest possible costs to customers.

Joint planning and bidding, in which local telephone companies are required to work together to improve efficiency and lower costs of telephone network construction.

The competition rule became effective on November 27, 1988.

NET Rate  
Investigation

On June 14, 1988, the Commission issued an Order commencing an investigation of New England Telephone's (NET's) level of earnings. This action was taken in response to evidence that the Company's earned return on investment could be higher than that which should be allowed, given the Company's operating

environment and financial market considerations. The Commission's Order stated various possible uses of any earnings which were found to be excessive. Those potential uses included: 1) reduction of existing rates, either local or toll; 2) increasing the Company's allowed depreciation expense (this reduces reported earnings, but does not change rates or cash flow); 3) changes to the existing configuration of Extended Area Service; 4) reduction or elimination of the current charge for Touch-Tone service; 5) allowing NET to offer special contracts to certain large users of telecommunications services, and 6) increasing the waiver of the Subscriber Line Charge for eligible low-income customers.

On September 15, 1988, the Company filed testimony, as required, stating basically that some small level of over-earnings might exist, based on the present allowed level of return. However, NET argued its allowed return should be increased because of operating efficiencies it has achieved, because of changing financial market conditions, and because it believes it is operating in a much riskier environment.

Alternatively, NET proposed the Commission modify the regulatory structure under which the Company operates. Currently, the PUC regulates NET's level of earnings, essentially by determining a reasonable level of expenses and adding a return on the amount of investment the Company has in plant and equipment used to provide telecommunications services. NET proposed the PUC regulate only NET's prices (rates charged to customers) and allow the Company to earn based on its operating efficiency and success in marketing new types of services. This is usually referred to as a "Social Contract", since NET would commit to upgrade the telecommunications network, while holding basic rates constant or even lowering them.

Another option proposed by NET would allow it to earn a slightly higher return than currently permitted, and share any earnings above that level with ratepayers by reducing rates.

The PUC staff is in the process of reviewing the Company's filing and gathering information from NET about its filing and about its operations in general. A large number of potential issues could be involved in this case, such as deployment of new technology by the Company, and NET marketing programs. The Commission has encouraged a thorough review of these issues in this and future proceedings. However, the Commission has indicated it wants to address the Company's level of earnings and thus its revenue requirement as early as possible.

Several groups have intervened in the proceeding and will participate to varying degrees, depending on their own areas and level of interest and expertise. These groups represent various types and sizes of customers of NET.

A procedural schedule has been established for the case, contemplating a decision by September 1, 1989. However, any decision will be implemented as if it were effective June 15, 1989.

Basic Service  
Calling Options

The Commission has initiated an investigation as a result of numerous complaints regarding the existing toll-free calling areas throughout the state and dissatisfaction with the mechanism whereby customers can petition the Commission for extended area (toll-free) service to nearby towns.



Several problems are being examined in this investigation. These include customers not being able to call areas that their neighbors in nearby communities can call, and customers not being able to call surrounding towns, particularly when those towns provide most of the business and other community support services. Another issue being considered is whether toll-free calling areas should follow existing exchange boundaries, school administrative district boundaries, town lines, or whether individual customers should be able to choose toll-free exchanges on an individual basis and be charged accordingly.

Currently, all customers get certain towns included in their toll-free calling area based on a vote of the customers in which the majority rules.

Finally, there are geographic disparities within the state that must be addressed to assure that all customers are treated fairly.

### Cellular Service

Cellular telephone service, an advanced form of mobile telephone service, began in four major service areas in Maine during 1988. This service is licensed by the FCC to two carriers in each cellular market, one of which is a "wireline" telephone company (or affiliate) in that market, and the other ("non-wireline") having no affiliation with a telephone company. These carriers must also obtain a certificate from the Commission in order to provide service in Maine.

The cellular market areas follow county lines. During 1988, the Commission authorized 8 cellular service providers to begin providing service in these four areas:

- Cumberland - Sagadahoc
- York (and Stafford, NH)
- Penobscot
- Androscoggin

During 1989, the PUC expects that 8 additional FCC permit-holders will apply to provide service in the rest of the State, in four FCC-designated "Rural Service Areas" (RSAs):

- Oxford - Franklin
- Somerset - Aroostook - Piscataquis
- Kennebec - Knox - Lincoln - Waldo
- Washington - Hancock

Two resellers of cellular service were also approved by the Commission during 1988.

#### Lifeline Telephone Services

As a result of rate investigations in 1987, all telephone companies initiated a monthly rate reduction and an installation subsidy for low-income customers in 1988. A customer is qualified for these programs if he or she receives benefits from either the AFDC, SSI, Medicaid, Food Stamps or HEAP (fuel assistance) programs. Certification by the Department of Human Services or other proof of eligibility is required. Only one residential service per household qualifies. The monthly rate reduction is matched by a waiver of the federal Subscriber Line Charge which increased from \$2.60 to \$3.20 on December 1, 1988. This rate reduction and SLC waiver now equals a bill reduction of \$6.40 a month, half of which is funded by a federal pool of interstate charges and half by the local telephone company's ratepayers.

The installation subsidy is equal to the difference between \$10 and what is usually charged for the establishment of telephone services. The amount of the subsidy varies from \$34.75 at NET to zero at two telephone utilities whose installation charges are less than \$10. This subsidy has been fully funded by telephone company ratepayers, but a pending rule change in the Link Up America

program by the FCC is expected to result in partial federal funding of the Maine installation subsidy.

While complete data are not available, approximately 30,000 telephone customers receive the monthly rate reduction and 500 a month receive the installation subsidy for new or transferred telephone service. This relatively high participation rate is due in large part to outreach and administrative assistance from the Department of Human Services and outreach efforts funded by NET.

Further cooperative efforts with telephone companies, social service agencies and advocates are expected to increase the participation rate and expand basic telephone service to virtually all Maine citizens.

#### Water Issues

1. Water Supply and Allocation Study. At the request of the Governor and the Legislature, the PUC Staff co-authored the "Water Supply and Allocation Study" ("the Study") dated February 1, 1988. The study makes a series of findings and recommendations relating to uses, allocation and transportation of surface and groundwater, water conservation and comprehensive water management. The study summarizes current water law in Maine and discusses water-use conflicts which have recently arisen in the State. The study also offers a suggested administrative mechanism for the prudent management of the State's waters. Finally, the study recommends the creation of a water resources task force to address the many questions raised but left unanswered by the study.

2. Maine Water Supply Study Commission. In response to the February 1, 1988 Study, the Legislature created the Maine Water Supply Study Commission ("the Study Commission"). The Study Commission was charged with reviewing:

- A. The adequacy of the water supply for both commercial and noncommercial use relative to the current and projected population;
- B. The impact on the exportation of water from the State, including relevant transport issues;
- C. The adequacy of current regulation of the State's water supply relative to the future needs of the residents of the State; and,
- D. A review of the appeals process regarding the restrictions on water transportation under the Maine Revised Statutes, Title 22, Section 2660-A, including whether the appeals process is located within the appropriate state department and whether the process is adequate to fairly address the needs of both the people of the State and those who seek an exception or appeal.

The Study Commission is required to submit a report and necessary implementing legislation to the Legislature by February 1, 1989.

3. Water District Formation. Last Spring the Utilities Committee requested the Office of Policy and Legal Analysis to study the procedures relating to the creation of water and sewer districts and the amendment of existing charters with the goal of reducing legislative involvement. On December 12, 1988, the Office of Policy and Legal Analysis issued a report containing three proposals with draft legislation for consideration by the Utilities Committee during the next legislative session.

Disconnection and  
Deposit Regulations  
for Residential  
Utility Service  
(Chapter 81)

In 1988, the Commission completed a 13-month project to revise Chapter 81. This Rule, required by 35-A M.R.S.A. §§ 704 - 706, establishes minimum standards for residential utility service, including billing, application for service, deposits, payment arrangements, disconnection, reconnection, dispute resolution and annual reporting.

The purpose of this revision was threefold:

1. Clarify existing policies and correct conflicting interpretations;
2. Add new policies to address issues that lacked Commission guidance in resolving disputes; and
3. Rewrite the entire Rule in order to incorporate plain language principles.

One of the more controversial issues was whether and to what extent the Chapter 81 requirements would be applied to "small" utilities. The Commission responded to this issue by creating an exemption from some provisions of Chapter 81 for utilities with less than 1,500 residential customers. These smaller utilities are subject to a shorter version Chapter 81 that incorporates the basic requirements for fair and reasonable service. In addition, any utility can seek an exemption from a specific provision for good cause.

Winter  
Disconnection  
Study

In 1988, the Commission received a 3-volume study of the operation of its Winter Rule from the National Consumer Law Center (NCLC). This study analyzed the Commission's procedures in handling a utility request to disconnect, the success rate of Special Payment Arrangements offered to low-income customers for winter electric and gas bills, and the integration of the Winter Rule Program with sources of financial assistance for winter heating bills.

The NCLC Report "An Evaluation of Low-Income Utility Protections for Maine" (July 1988) has become the starting point for wide ranging discussions by the Task Force on Low-Income Energy Needs comprised of utilities, state and local financial assistance agencies, low-income advocates and others.

The Task Force has focused on two programs crucial to making energy bills affordable: reduction of usage through cost-effective energy management and conservation and increased financial assistance where a need is demonstrated. This Task Force will continue its discussions and take action in 1989. Of particular concern is the reduced federal funding of the "HEAP" or fuel assistance program in the last three years.

## VI. CONCLUSION

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

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





