

REPORT ON TRANSPARENCY IN ELECTRICITY RATES AND ASSESSMENTS

**By the
Maine Public Utilities Commission**

**Presented to the Joint Standing Committee on
Energy, Utilities and Technology**

February 15, 2013

I. INTRODUCTION

During its 2012 session, the Legislature enacted An Act To Provide Transparency in Electricity Pricing for Maine Ratepayers (Act). P.L. 2011, ch. 590. Section 4 of the Act states:

The Public Utilities Commission shall develop information useful to electricity ratepayers regarding the costs and effects of state policies on electricity ratepayers. The commission and the Office of the Public Advocate shall post the information on their publicly accessible websites. The commission shall also examine means by which transmission and distribution utilities may inform customers of the information developed and posted by the commission. The commission shall report on its actions under this section together with any recommendations to the joint standing committee of the Legislature having jurisdiction over energy, utilities and technology matters by February 15, 2013.

As a vehicle for conducting the required review, the Commission, on July 13, 2012, issued a Notice of Inquiry (NOI) requesting that interested persons comment on several issues raised by the Act.¹ The following interested persons commented in the Commission's rate transparency inquiry: Central Maine Power Company, Bangor Hydro Electric Company/Maine Public Service Company, Retail Energy Supply Association, Maine Community Action Association, Natural Resources Counsel of Maine, and Environment Northeast.

II. COST ITEMS

Through the NOI, the Commission requested comment on whether the following list of state policy-related items captures the State policies as intended by the Act.

- PUC assessment
- OPA assessment
- Efficiency Maine system benefit charge
- Low income program costs
- Renewable resource portfolio requirement compliance costs
- Regional Greenhouse Gas Initiative (RGGI) compliance costs

¹ All comments filed in this Inquiry is posted on the Commission's case management system, www.maine.gov/mpuc, through reference to Docket No. 2012-321.

- Legacy stranded costs²
- Long-term contract above/below market costs

The commenters generally agreed that the above list includes State policies or policy objectives that have effects on electricity prices. However, some commenters stated that a list of electricity cost items should include items such as FERC jurisdictional transmission costs and distribution costs.

The purpose of the Act is to create increased transparency regarding the costs and effects of State energy policies on electricity rates. Accordingly, the Commission will include the items listed above, which are directly the results of State energy policies. The information that will be provided will include cost of each item, expressed in cents per kilowatt-hour, total dollars per year, and as a percentage of retail electricity prices. To put these costs in perspective and provide greater electric rate transparency, the Commission will also itemize costs associated with transmission, distribution and supply.

III. COSTS AND BENEFITS

Several commenters noted that a presentation of the cost components of electricity prices should include information on the benefits of State energy policy programs. The Commission agrees with this concept. However, in most cases, any quantification of the benefits of State energy programs would be subjective and open to substantial dispute. Accordingly, the Commission concludes that a description of these benefits be presented in narrative form.

The following are the cost components that the Commission will include in the itemization of electricity rates and a description of the associated benefits:

Maine Public Utilities Commission Assessment: Provides funds for the operations of the Maine Public Utilities Commission, in addition to funds provided through assessments in other utility rates, including telephone, natural gas, and water utility rates. The Maine Public Utilities Commission regulates the rates and services of public utilities and oversees the competitive retail electricity market.

Office of the Public Advocate Assessment: Provides funds for the operations of the Office of the Public Advocate, in addition to funds provided through assessments in other utility rates, including telephone, natural gas, and water utility rates. The Office of the Public Advocate advocates on behalf of residential and small commercial ratepayers in Maine Public Utilities Commission, regional and federal proceedings.

² Legacy stranded costs are utility costs that were “stranded” by electricity industry restructuring. Utilities may recover these costs from ratepayers pursuant to 35-A M.R.S.A. § 3208.

Efficiency Maine Trust charge: The Efficiency Maine Trust (EMT) administers energy efficiency and conservation programs throughout the State for the purpose of lowering the costs of electricity for Maine's residents and business. A portion of the Efficiency Maine Trust's budget is funded by a charge included in electricity rates. The EMT website has information on available programs: (www.energymaine.com) .

Low income program costs: Maine statute provides for electricity bill discounts for low income customers. The program is funded by a charge included in electricity rates.

Renewable resource portfolio requirement costs: The renewable resource portfolio requirements in Maine and other New England states are designed to encourage renewable resource development and resource diversity in New England with the objective of promoting regional electricity cost stability and lower regional electricity costs as well as achieving environmental benefits. A recent MPUC report contains a discussion of the benefits and costs of the portfolio requirement: ([MPUC RPS Report 2011 - Review of RPS Requirements and Compliance in Maine](#)).

Regional Greenhouse Gas Initiative (RGGI) compliance costs: RGGI is a nine state program to reduce greenhouse gas emissions from electricity generating power plants that serve New England, New York, Maryland and Delaware. The costs of the program are paid directly by power plants that generate greenhouse gas emissions with Maine's proceeds used for energy efficiency programs ([RGGI website](#)).

Utility energy supply contract obligations: Electricity supply contracts are intended to facilitate the development of electric power generating plants and/or provide electric rate stability benefits. These contracts are also designed to provide benefits in the form of lower wholesale regional wholesale electricity costs and to encourage renewable energy development.³

IV. PRESENTATION

The Commission will provide the cost of each of the above components in a pie chart and table format that includes both (1) costs in cents per kilowatt-hour and (2) total costs in dollars. The Commission will provide the information on a total company basis, for the prior calendar year, for each of the three largest utilities-Central Maine Power Company (CMP), Bangor Hydro Electric Company (BHE) and Maine Public Service Company (MPS).

Attachment A contains illustrative pie charts and tables and the descriptions for the various cost components that will be presented on the Commission's website.

³ To minimize customer confusion, this category will include both legacy stranded costs and post-restructuring long-term contract costs/benefits.

V. PUBLIC ADVOCATE AND UTILITIES

As stated above, the Act requires the Office of the Public Advocate, as well as the Commission, to post State policy costs and effects on its website. Additionally, the Act requires the Commission to examine means by which transmission and distribution utilities may inform customers of the information developed and posted by the Commission.

The Commission recommends that the Office of the Public Advocate and CMP, BHE and MPS provide links on their websites to the Commission presentation of information on State energy policies.

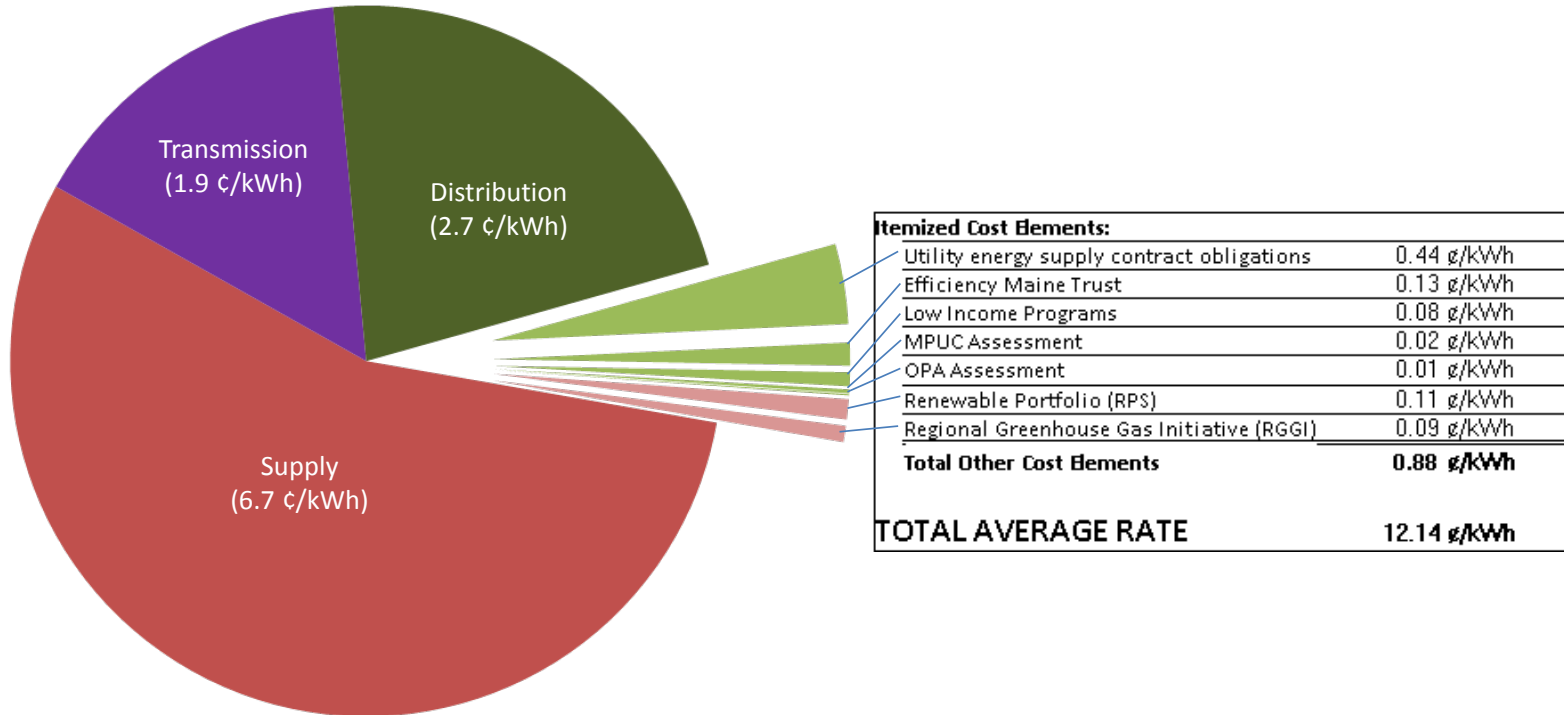
The Commission further recommends that consumer owned utilities be encouraged to provide similar information on their respective websites.

VI. COST DEVELOPMENT PROCESS

The Commission has determined that information (except for portfolio requirement and RGGI compliance costs) necessary to display the cost items on its website should be provided by utilities as part of their financial reports that are submitted each year on April 1st. The Commission will develop portfolio requirement and RGGI compliance costs on its own. The Commission will then update the cost items on its webpage on May 1st of each year, except for the renewable portfolio compliance costs which would be updated in August of each year based on the annual reports of competitive electricity providers that are submitted each year on July 1st.

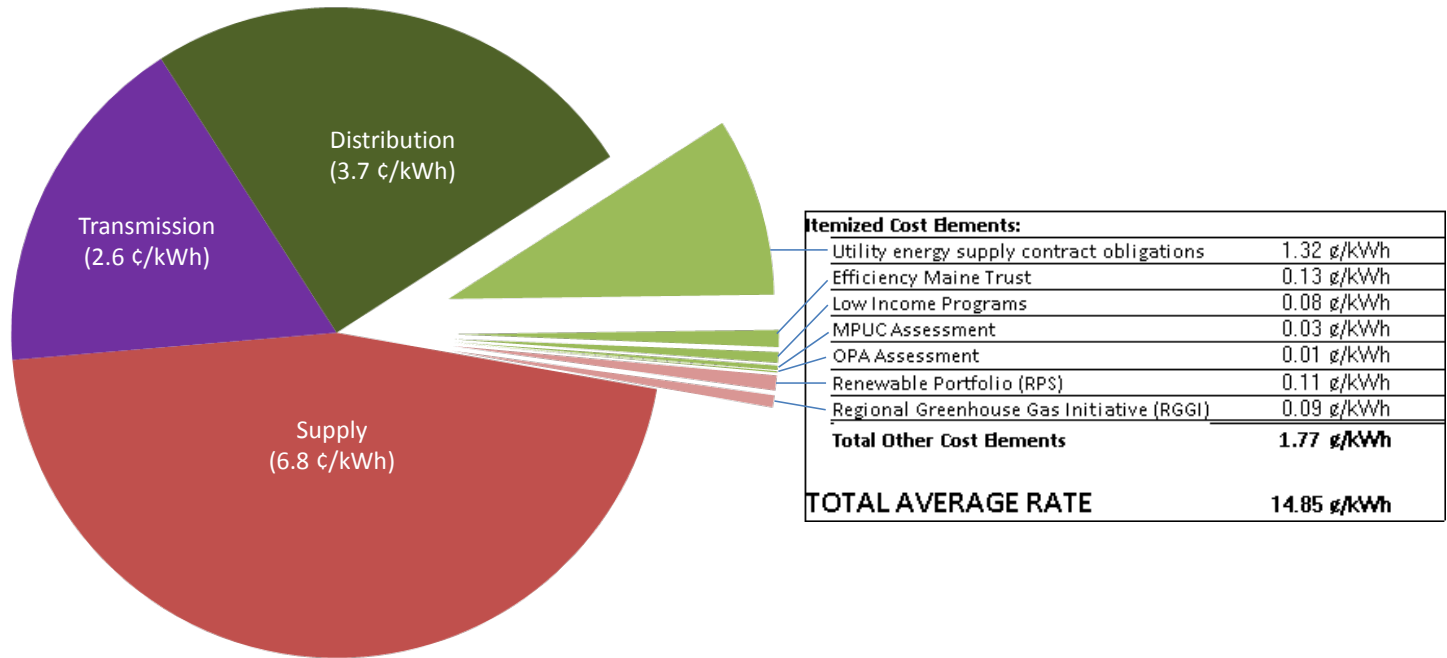
Attachment A

Central Maine Power Company's Average Rates by Component*



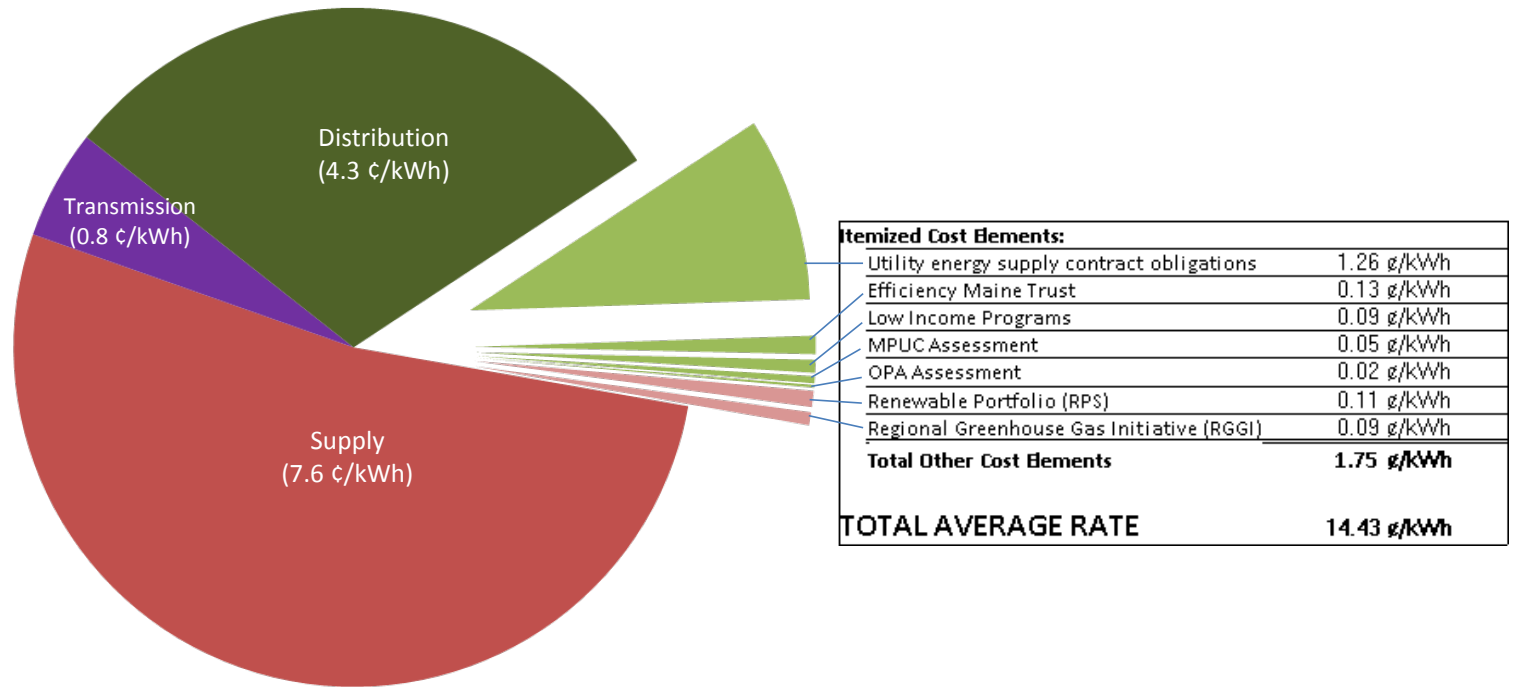
* - Rates represent the average rates over all rate classes . Not all components apply to all rate classes.

Bangor Hydro Electric Company's Average Rates by Component*



* - Rates represent the average rates over all rate classes . Not all components apply to all rate classes.

Maine Power Service Company’s Average Rates by Component*



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Other Cost Elements:

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