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An Act To Create Fair and Open Competition in Line Extension Construction

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 35-A MRSA §315 is enacted to read:

§ 315. Transmission and distribution utility line extension construction

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

A. "Line" has the same meaning as in section 314, subsection 1, paragraph A.

B. "Makeready work" means work necessary to connect a line extension to existing utility infrastructure.

2. Standards for charges for line extension construction. The commission shall establish by rule standards for charges by transmission and distribution utilities for line extensions. The commission shall require that charges be based on actual costs, including but not limited to tree cutting, ledge drilling and other labor, materials and equipment costs, and must include an additional amount established by the commission as a reasonable rate of return. The commission shall ensure that any contributions by a telephone utility to a transmission and distribution utility's line extension construction costs are not included in those charges. The commission shall remove any subsidy concerning line extension construction costs from the telephone ratepayers, and any costs charged by a telephone company for line extension construction must be actual costs. A transmission and distribution utility shall provide cost estimates and shall charge for line extensions in accordance with the standards established by the commission, shall annually update its charges to account for cost changes and shall report its charges to the commission for review for consistency with the standards.

3. Cost recovery. Any cost associated with construction of a line extension that is not recovered by a transmission and distribution utility through its charges established in accordance with subsection 2 must be borne by the utility and may not be recovered from ratepayers.

A. Any undercollected cost associated with construction of a line extension constructed after 2000 that has been recovered by a transmission and distribution utility from ratepayers must be returned to ratepayers and borne by the utility in accordance with rules adopted by the commission.

4. Make-ready work. In accordance with rules adopted by the commission, a transmission and distribution utility shall charge nonresidential customers the actual costs of all makeready work. A transmission and distribution utility may not charge a residential customer for make-ready work.

5. Customer service requirements. The commission by rule shall establish customer service standards that a transmission and distribution utility must meet in undertaking line extensions. The standards must include:

- A. Information that must be provided to the customer on initial contact, including information about the customer's rights and options with respect to the construction of a line extension; and
- B. Time frames for undertaking site visits, providing a cost estimate and undertaking construction, inspection and final connection of the line extension.

The commission may assess penalties pursuant to section 1508A for a violation of standards established under this subsection.

6. Contribution in aid of construction. The commission shall by rule establish standards for a transmission and distribution utility's accounting of line extension construction costs, which must include all actual costs and the allowed rate of return under subsection 2. To the extent allowable under federal law, the transmission and distribution utility shall use this accounting for purposes of calculating any contribution in aid of construction under 26 United States Code, Section 118.

7. Rules. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2A.

SUMMARY

This bill establishes standards governing transmission and distribution utility line extension practices, including standards for charges for line extensions, limits on cost recovery, standards for charges for make-ready work, customer service requirements and requirements for accounting of line extension construction costs.