

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2024-00137

July 2, 2024

PUBLIC UTILITIES COMMISSION  
Follow-On Proceeding to Further  
Investigate Stranded Cost Rate  
Design

NOTICE OF INVESTIGATION

BARTLETT, Chair; SCULLY and GILBERT, Commissioners

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## I. SUMMARY

Through this Notice, the Commission opens an investigation into stranded cost rate design of post-restructuring costs pursuant to 35-A M.R.S. § 1303(2). Specifically, this investigation shall investigate alternate intraclass rate designs, and to the extent determined necessary, the Commission may order changes to the rate design to adjust for inequities or to effectuate legislative policy directives. This Investigation is a follow-on proceeding pursuant to the Commission's Order in Docket No. 2023-00230. *Maine Public Utilities Commission, Continuing Investigation of Stranded Cost Rate Design*, Docket No. 2023-00230, Order (May 23, 2024) (May 23rd Order).

## II. BACKGROUND

On September 12, 2023, the Commission issued a Notice of Investigation (NOI) in Docket No. 2023-00230. The investigation in 2023-00230 centered on analyzing the rate impact of the implementation of the fixed charge rate design for the recovery of post-restructuring net energy billing (NEB) costs established in Docket No. 2022-00160. *Maine Public Utilities Commission, Investigation of Stranded Cost Rate Design*, Docket No. 2022-00160, Order (April 21, 2023).

On May 23, 2024, the Commission issued its Order in Docket No. 2023-00230, finding that the rate impact analysis showed that the fixed charge impacted some larger rate classes dramatically, with low kWh usage customers within some classes paying much more than they would under volumetric recovery, and high kWh usage customers in some classes paying much less than they would under volumetric recovery. May 23rd Order at 30.

However, the Commission noted that a new proceeding would be needed to investigate whether the rate design could and should be altered. Thus, the Commission directed Commission Staff "to open a new proceeding to investigate alternate intraclass rate designs and, to the extent determined necessary, order changes to the rate design to adjust for inequities or to effectuate legislative policy directives." *Id.* at 1.

### III. DESCRIPTION OF INVESTIGATION

This investigation will examine changes to the current intraclass rate design for both NEB and non-NEB post-restructuring costs recovered through the stranded cost mechanism. Additionally, this investigation will include an evaluation of the alternate rate designs proposed in the Examiners' Report in Docket No. 2023-00230, and additional alternatives that come to light during this proceeding. The Commission intends to incorporate the record developed in Docket No. 2023-00230 into this investigation. The Commission will thoroughly examine any potential adjustment in rate design, including how such shifts would impact customers in all classes.

Unlike Docket No. 2023-00230 which was largely focused examining the rate impact of current rate design on specific customers, this investigation will not only investigate the impact on all customers, but to the extent determined necessary, also order changes to the rate design.

### IV. INTERVENTION

Interested persons wishing to participate as parties in this matter must file a petition to intervene in accordance with Chapter 110 § 8(B) of the Commission's Rules no later than **Friday, July 12, 2024**. Petitions must be filed electronically in the Docket using the Commission's Case Management System (CMS).<sup>1</sup> Objections to petitions to intervene must be filed in writing in CMS.

### V. PROCEDURAL SCHEDULE

Commission Staff does not intend to schedule a case management conference prior to the filing of Testimony.<sup>2</sup>

Parties must file Testimony no later than **Wednesday, July 31, 2024**.

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<sup>1</sup> Anyone intervening must be a "registered user" in the Commission's CMS To register, visit the Commission's website ([www.maine.gov/mpuc](http://www.maine.gov/mpuc)) and click "Online Filing, Docketed Case, Forms, and RFPs" on the left-hand side of the homepage. Then click "Registered Users" in the large gray box. Then click "New User Registration" at the bottom of the "Account Login" area. Detailed instructions are available on the Commission's website at <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=409972&v=article08>. When registering, persons should indicate the entity or entities they represent and on whose behalf they will make filings. Anyone interested in intervening should also place themselves on the notification list for this Docket. Registered users whose petitions to intervene are granted will receive notice of filings by email from the Commission's CMS.

<sup>2</sup> Parties and prospective intervenors may file a request for a case management conference in the Docket.

## VI. TESTIMONY

The Commission requests that parties provide testimony that, at a minimum, addresses and includes the following as applicable:

1. A description of the types of data and analyses needed to evaluate the alternative rate designs presented in this case.
2. A description of the equity considerations and criteria for determining fairness, including specific metrics that clearly identify benchmarks for comparison.
3. Whether designating a stranded cost volumetric charge as “non-usage” or “non-bypassable” for the purposes of billing, and thus making such a charge ineligible to be offset by NEB netting or credits, comports with applicable statutes and rules and can be implemented in the T&Ds billing systems, and, further, address how such a designation would impact customer bills.
4. Whether creating a “Station Service” rate class is a reasonable resolution. Please address implications of creating a “Station Service” rate class, including the likely impact on the allocation of costs (stranded costs or otherwise), distribution of customers and billing units, and customer bills. Please also address the feasibility of implementing a new rate class within utilities’ respective billing systems.
5. Whether rate classes should be further aggregated for the purpose of stranded cost allocation.
6. The feasibility and implications of designing and implementing a “tiered” fixed charge for any rate class (for example, a structure that includes a base fixed charge and an increased fixed charge determined by kWh consumption ranges).
7. Whether and to what extent certain stranded costs should be recovered through both a fixed and volumetric charge. For example, are there additional policy considerations or do certain program benefits accrue in such a way that recovering a small portion of stranded costs volumetrically is preferable? Please address the rationale, how the allocation between volumetric and fixed charges would be determined, and how this would affect rate classes and customer bills relative to the current stranded cost allocations.
8. Any additional rate design alternatives that are not identified above that would resolve the inequities identified. Please include a description of the proposed alternative(s) including a discussion of whether and how the proposal is equitable, consistent with the State’s climate policy goals and ensures that NEB program participants do not offset their share of stranded costs. Please include all relevant documentation regarding the alternative(s) as well as expected customer bill impacts.

## VII. SERVICE OF NOTICE

A copy of this Notice of Proceeding shall be provided to those on the notification lists in Docket No. 2023-00230, Docket No. 2024-00015 (2024 CMP stranded cost reconciliation docket), Docket No. 2024-00078 (2024 Versant stranded cost reconciliation docket), and Docket No. 2023-00103 (Chapter 324 rulemaking).

Dated at Hallowell, Maine, this Second Day of July, 2024

BY ORDER OF THE COMMISSION

/s/ Amy Dumeny

Administrative Director

COMMISSIONERS VOTING FOR:     Bartlett  
   Scully  
   Gilbert

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S. § 9061 requires the Public Utilities Commission to give each party at the conclusion of an adjudicatory proceeding written notice of the party's rights to seek review of or to appeal the Commission's decision. The methods of review or appeal of Commission decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 11(D) of the Commission's Rules of Practice and Procedure (65-407 C.M.R. ch. 110) within **20** days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within **20** days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S. § 1320(5).

Pursuant to 5 M.R.S. § 8058 and 35-A M.R.S. § 1320(6), review of Commission Rules is subject to the jurisdiction of the Superior Court.

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.