

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND ELEVENTH LEGISLATURE

FIRST REGULAR SESSION
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Chapters 1-452

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J.S. McCarthy Co., Inc.
Augusta, Maine
1983

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
FIRST REGULAR SESSION

and

FIRST SPECIAL SESSION

of the

ONE HUNDRED AND ELEVENTH LEGISLATURE

1983

public utility's construction program evidences planning adequate to identify realistic needs of its customers;

2. Conduct of operations. The degree to which a public utility's operations are conducted in an effective, prudent and efficient manner judged by the standards prevailing in the utility industry;

3. Minimizing or avoiding inefficiencies. The degree to which a public utility minimizes or avoids inefficiencies which otherwise would increase costs to customers; or

4. Other considerations. Any other consideration which the commission finds relevant to rate setting under chapter 3, sections 51 and 52.

The commission shall have discretion to have a management audit performed by an independent auditor. In the event that the commission finds it reasonable and necessary to have the audit performed, it may select the independent auditor, require a public utility to pay for the costs of a management audit of its operations and require the public utility to execute a contract with the independent auditor.

The full cost of the management audit shall be recovered from ratepayers. In ordering an audit, the commission shall consider the impact of the cost of the audit upon ratepayers and other alternatives that are available.

Effective September 23, 1983.

CHAPTER 214

S.P. 480 - L.D. 1446

AN ACT to Improve and Clarify the Rate-setting Procedures for Municipal and Quasi-municipal Water Companies.

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

Sec. 1. 35 MRSA §72, as repealed and replaced by PL 1981, c. 438, §4, is amended to read:

§72. Municipal and quasi-municipal water companies

Notwithstanding section 69, municipal and

quasi-municipal corporations which are water companies within the definition of section 15, subsection 25, shall be subject to the suspension, investigation, hearing and rate substitution provisions of section 69 under the conditions specified in this section.

Municipal and quasi-municipal water corporations which elect to set rates under this section shall not file with the commission or increase any rate, toll or charge without first holding a public hearing at which any person, firm or corporation which pays such those rates, tolls or charges to the municipal or quasi-municipal water corporations may testify and may question the officials present regarding such proposed increase. The municipal or quasi-municipal water corporation as described in this section shall, at least 14 days prior to the hearing, publish a notice of the proposed rate increase and the hearing including the date, time, place and purpose of the hearing at least twice in a newspaper of general circulation in the area encompassed by the municipal or quasi-municipal water corporation. In addition, each municipal or quasi-municipal water corporation shall give one notice of the proposed rate increase and the date, time and place of the hearing to each of its ratepayers. At the commencement of each hearing held pursuant to this section, the municipal or quasi-municipal water corporation shall inform those present that the rate increase may be investigated by the Public Utilities Commission in accordance with this section. The water utility shall file its changed rates with the commission within 30 days of the public hearing, but not sooner than 10 days following the public hearing.

Subject to the notice and waiver requirements of section 64, water utilities electing to set rates under this section may establish an effective date for any rate change of at least one month, but not more than 9 months, from the date the rates are filed with the commission.

If, on or before the effective date of the rate change within 30 days of the public hearing, 15% of the customers of the municipal or quasi-municipal water corporation or 1,000 customers, whichever is less, file with the treasurer of the corporation and with the Public Utilities Commission petitions demanding a review of the rate changes by the Public Utilities Commission, the rate change may be suspended, investigated, reviewed and changed in accordance with section 69, except that no suspension order issued by the commission pursuant to section 69 may be effective for a period greater than 9 months from the date the rate changes were filed. If the

number of signatures on the petitions is 1,000 or if the number of signatures on the petitions equals or exceeds 15% of the customers indicated on the water utility's most recent annual report on file with the Public Utilities Commission, the commission may suspend the rate change pursuant to section 69. The commission shall notify the water utility of any such suspension. The water utility shall have 10 days from receipt of notice to notify the commission whether it intends to contest any aspect of the validity of the petitions, after which it shall lose that right. If the water utility notifies the commission in a timely fashion that it wishes to contest the validity of the petitions, the commission shall set the matter down for hearing. It shall hold the hearing and issue its decision on the validity of the petitions within 30 days of notification by the water utility that it intends to contest the validity of the petitions. If the commission finds the petitions to be invalid, it shall lift its order of suspension.

Nothing in this section may prohibit a municipal or quasi-municipal water corporation from petitioning the Public Utilities Commission for review pursuant to section 69 in the first instance.

Upon review of a rate filing made pursuant to this section, the Public Utilities Commission may order the municipal or quasi-municipal water corporation to correct any mathematical or clerical errors.

Sec. 2. 35 MRSA §73, sub-§§3, 4 and 5, as enacted by PL 1981, c. 438, §5, are amended to read:

3. Just and reasonable rates. The governing body shall establish and file rates, tolls or charges which are just and reasonable and which provide revenue as may be required to perform its public utility service and to attract necessary capital on just and reasonable terms.

4. Uniform rates. The governing body shall establish and file rates which are uniform within the territory supplied whenever the installation and maintenance of mains and the cost of service is substantially uniform. If, for any reason, the cost of construction and maintenance or the cost of service in a section of the territory exceeds the average, the governing body may establish and file higher rates for that section, but these higher rates shall be uniform throughout that section.

5. Purposes. The governing body may establish and file rates under this section so as to provide revenue for the following purposes, but no other:

A. To pay the current expenses for operating and maintaining the water system and to provide for normal renewals and replacements;

B. To provide for the payment of the interest on the indebtedness created or assumed by the utility;

C. To provide each year a sum equal to not less than 2% nor more than 10% of the term indebtedness represented by the issuance of bonds created or assumed by the utility, which sum shall be turned into a sinking fund and there kept to provide for the extinguishment of term indebtedness. The money set aside in this sinking fund shall be devoted to the retirement of the term obligations of the utility and may be invested in such securities as savings banks in the State are allowed to hold;

D. To provide for annual principal payments on serial indebtedness created or assumed by the utility; and

E. To provide for a contingency reserve fund by providing rates to reflect up to a 5% addition to yearly revenues over what is required to operate the water company, in accordance with section 3311.

Sec. 3. 35 MRS §3227 is enacted to read:

§3227. Legislative amendment of charter

Each year, on or before April 15th, the joint standing committee of the Legislature having jurisdiction over public utilities shall report out legislation entitled "AN ACT to Amend the Charters of Various Water Districts Organized under the Private and Special Laws." Amendments to water district charters shall generally be included in that Act. Prior to acting upon any proposed water district charter amendment, the joint standing committee shall obtain written comments from the municipalities that lie in whole or in part within the district.

Sec. 4. PL 1981, c. 447, §2 is repealed.

Effective September 23, 1983.
