

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND SEVENTH LEGISLATURE

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Legislative Document

No. 741

H. P. 598

House of Representatives, February 21, 1975

Referred to the Committee on Public Utilities. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Wagner of Orono.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-FIVE

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**AN ACT to Permit the Governor to Suspend Certain Proposed Public Utility Rate Increases and Restructurings During an Economic Emergency Pending the Outcome of an Investigation.**

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**Emergency preamble.** Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the economy of Maine is currently experiencing the effects of a precipitous inflation combined with a serious recession; and

Whereas, the economic recession has caused many Maine citizens to become unemployed and has caused a loss of income to other Maine citizens; and

Whereas, the period of recent inflation has caused the public utilities of this State to ask for rate increases in a number unprecedented in recent years; and

Whereas, the granting of these rate increases, without a careful and cautious determination of their effects on the working people of this State, could seriously injure the physical and economic well-being of these working people; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. 35 MRSA § 15, sub-§ 4-A is enacted to read:**

**4-A. Economic emergency.** An "economic emergency" is a strong downturn in the Maine economy, which shall be determined by the Governor acting on an analysis of unemployment, industrial production, state, federal and local welfare statistics, and the Consumer Price Index for Urban Wage Earners and Clerical Workers, U. S. City Average, All Items — Series A, 1967=100, published monthly by the Bureau of Labor Statistics, U. S. Department of Labor.

Sec. 2. 35 MRSA § 69-A is enacted to read:

**§ 69-A. Suspension of the operation of rate schedules**

The Governor, having determined that an economic emergency, as defined in section 15, subsection 4-A, exists in the State, may require the Public Utilities Commission to suspend, for a period of up to one year, the operation of all proposed schedules submitted by all public utilities to the commission, providing those proposed schedules include either an increase in the rates for any class of utility service or a substantial redesigning of the rates charged by that utility, or both. This section shall not apply to proposed schedules submitted by any municipality, cooperative or district authorized by public law or by private and special law to furnish utility service.

The Public Utilities Commission shall have the power to exempt from any suspension under this section, the proposed schedules of a public utility which has presented sufficient evidence at a public hearing before the commission to establish in a clear and convincing manner that suspension of the proposed schedules submitted by that public utility would amount to a confiscation of the property of that utility. The staff of the commission is authorized to present evidence at this public hearing which bears on the issue of whether or not suspension of the proposed schedules of a particular public utility is equivalent to confiscation.

The purpose of any suspension under this section shall be to allow the Governor, in conjunction with the Public Utilities Commission, sufficient time to carefully investigate and weigh the need for the proposed rate increase or restructuring of classes of service and the effect of that increase or that restructuring on the citizens and economy of this State.

The purpose of this investigation shall be to insure that the public utilities concerned are allowed only that increase or restructuring which is necessary to enable them to earn a reasonable rate of return and to insure that any necessary increase or restructuring shall be granted in such a way as to cause the least detrimental effect on the economic emergency determined to exist.

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect when approved.

**STATEMENT OF FACT**

The purpose of this bill is to allow the Governor, in an economic emergency, to postpone public utility rate increases and certain rate restructurings for a period of up to one year in order to allow a careful investigation of those rate increases and restructurings.