

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 1857

H. P. 1536

House of Representatives, April 24, 1975

Approved for introduction by a Majority of the Committee on Reference of Bills pursuant to Joint Rule 10. Referred to the Committee on Public Utilities. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Martin of Eagle Lake.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FIVE

AN ACT Relating to Public Utilities Commission Jurisdiction over Certain Contracts.

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

35 MRSA § 104 is amended to read:

§ 104. **Contracts and loans with stockholders**

No public utility doing business in this State shall extend credit or make loans to or make any contract or arrangement, providing for the furnishing of management, supervision of construction, engineering, accounting, legal, financial or similar services, or for the furnishing of any service other than those enumerated, with any corporation, person **or persons**, partnership or trust, holding, controlling or owning in excess of 25% of the voting capital stock of such public utility, or with any other corporation which is itself owned or controlled by or affiliated with any corporation, person **or persons**, partnership or trust, holding, controlling or owning ~~a majority~~ 25% of the voting capital stock of such public utility, unless and until such contract or arrangement shall have been found by the commission not to be adverse to the public interest and shall have received their written approval. The commission shall in the case of any utility have the power to exempt herefrom, from time to time, such classes of transactions as it may specify in writing in advance and which in its judgment will not affect the public interest.

STATEMENT OF FACT

This amendment is designed to increase Public Utilities Commission jurisdiction over "self-dealing" between a utility and its owners. As the statute is

now written some transactions which are clearly not arm's length transactions might be exempt from Public Utilities Commission jurisdiction. For example, a utility owned in equal shares by A and B which makes an interest-free loan to another corporation owned in equal shares by the same A and B might not need to seek Public Utilities Commission approval for that loan under the present statute.