

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1116

H. P. 1060

House of Representatives, March 28, 1977

Reported by Mr. Kelleher from the Committee on Public Utilities and printed under Joint Rules No. 2.

EDWIN H. PERT, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT to Exempt Small Water Districts from Regulation by the Public
Utilities Commission.**

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

Whereas, there are 39 municipal or quasi-municipal water companies operating in Maine with 400 or fewer customers ; and

Whereas, many of these companies are experiencing serious financial problems ; and

Whereas, these small nonprofit water companies are in the process of or planning to file rate increases with the Public Utilities Commission ; and

Whereas, the Public Utilities Commission is burdened with many other rate cases that will delay rate decisions pertaining to small nonprofit water companies ; and

Whereas, delayed decisions will very seriously affect the financial stability of these nonprofit corporations ; and

Whereas, this problem could be significantly reduced by allowing these companies to change their rates following a public hearing without approval by the Public Utilities Commission provided that decisions can be appealed to the Public Utilities Commission ; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the follow-

ing 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 § 69 is amended by adding at the end the following new paragraph:

This section shall not apply to municipal or quasi-municipal corporations which are water companies within the definition of section 15, subsection 25, and which serve 400 or fewer customers, any provisions in any charter notwithstanding.

Sec. 2. 35 MRSA § 72 is enacted to read:

§ 72. Municipal and quasi-municipal water companies serving 400 or fewer customers

Notwithstanding section 69, municipal and quasi-municipal corporations which are water companies within the definition of section 15, subsection 25, and serving 400 or fewer customers 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 as defined in 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 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 date, time, place and purpose of the hearing in a newspaper of general circulation in the area encompassed by the municipal or quasi-municipal water corporation.

If, on or before the effective date of the rate change, 10% of the customers of the municipal or quasi-municipal water corporation 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.

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

STATEMENT OF FACT

The intent of this bill is to provide relief to small nonprofit municipal and quasi-municipal water corporations. Many of these small companies file for rate increases with the Public Utilities Commission, but often times a decision is not rendered for as long a period as 9 months from the date of filing. A

small nonprofit company realizing net losses and unable to obtain moneys from shareholders until a decision is rendered by the Public Utilities Commission incurs additional financial problems as a result of this process.

This conditionally exempts small non-profit water companies from rate investigation, suspension and substitution by the Public Utilities Commission. These companies are required to hold a public hearing prior to increasing rates and filing the rate increase with the Public Utilities Commission. If 10% of the customers of the water company disapprove the rate increase and file petitions with the water company and the PUC, the commission will review and determine the rate.

This bill does not exempt small nonprofit water companies from any other provisions of the public utility statutes. These companies must continue to file rates with the commission, file an annual report, obtain approval for issues, bonds and notes from the commission, obtain approval from the commission for loans, and maintain books and accounts for review and investigation by the PUC. The provisions in this bill, therefore, conditionally exempt municipal and quasi-municipal nonprofit water corporations from one section of the statutes that requires the Public Utilities Commission to approve all rate changes.